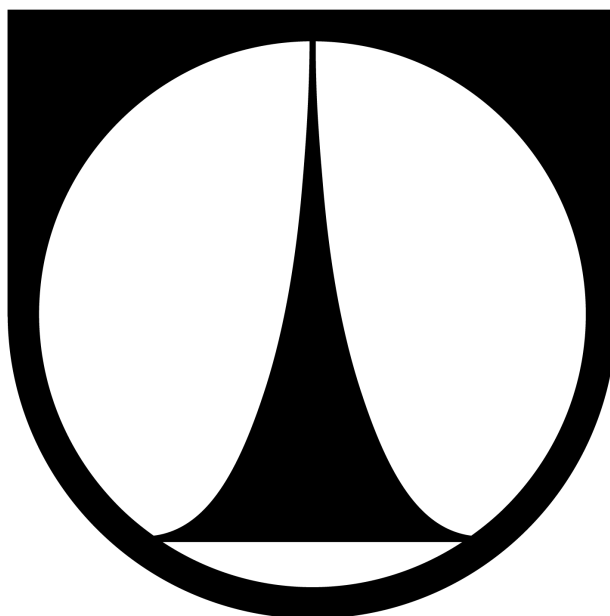


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Ekonomická fakulta



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Anotace

Internet se stal novým a zároveň častějším distribučním kanálem, s čímž je spojen nárůst on-line transakcí. Na základě této skutečnosti vyvstala nutnost zaměřeni se na identifikaci zákazníka, který je ochoten uskutečnit koupi on-line produktů a definování jeho potřeb.

Cílem této práce je určit hlavní věkové kategorie a pohlaví, které nakupují prostřednictvím internetu a druhy výrobků, které nejčastěji kupují. Dalším záměrem je prozkoumat a zhodnotit hlavní motivační a demotivační faktory, které vedou či odpuzují on-line zákazníka od zamýšleného nákupu. Práce se zabývá dokonce i důvěrou zákazníků a její závislostí na celkové útratě.

Pro tento výzkum byla použita kvantitativní metoda, konkrétně byl použit on-line dotazník vytvořený autorem.

Z důvodu mezinárodního rozměru práce jsou zdroje referencovány Harvardským stylem.

Klíčová slova:

Ecommerce, uživatelské zkušenosti, chování zákazníka, rozhodovací proces, interface, e-zákazník, motivace, Internet, webový design

Annotation

The Internet has become a new distribution and communication medium and online transactions are rapidly growing. Based on this fact arose the need of better understanding of customer who is willing to purchase products online.

The aim of this paper is to determine main age and gender categories that shop on the Internet and the kinds of products they purchase mostly. Furthermore, there is an intention to investigate and evaluate main motivation and discouraging factors that lead or distract online customers from their intended purchase. In addition, this paper deals with customer trust and its connection on spending.

Quantitative research method was used for the research of this dissertation. Namely, was used an online survey created by the author.

Due to international scope of this diploma thesis is used Harvard referencing style.

Key Words:

Ecommerce, User Experience, Customer behaviour, Decision-making process, Interface, E-customer, Motivation, Internet, Web design

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List of Abbreviation

ARPA = the Advanced Research Projects Agency

CB = Customers Behaviour

HCI = Human-computer Interaction

ISBN = International Standard Book Number

SERPs = Search Engine Results Page

UPC = Universal Product Code

UX = User Experience

1 Introduction

There are millions of Internet users who are online at anytime and each of them can potentially purchase product from online-based company. Due to exponential growth of technologies and its integration of possibility to connect to Internet, firms which are specialized in selling product throughout World Wide Web, have to sustain in finding an edge in the vast and fierce competition. From the fact that there is so huge number of potential customers flows that companies necessarily need to improve the understanding of the customers' needs and desires. Furthermore, the analyzing and identification of the influencing factors, on which consumers make their decisions, are crucial for this kind of business. After the invention of the Internet, there have been arose new demands set by customers and that is main reason why the investigation is so vital. The phenomenon of customer behaviour studying is not new. Philip Kotler is author who formulated and examined this topic of customer behaviour in many publications. His theories are used for many years in the understanding consumer and in the creating a marketing strategy that should attract the buyers much effectively. Therefore, understanding of customer needs, his desire and influencing factors are directly connected with company orientation and its scooping of marketing strategy. Moreover, these theories can be used to examine the e-customer and to form consumer segment, which match company's objectives the best. Nevertheless, there is a need to make some distinctions between traditional customer behaviour and online customers' behaviour. Ever since online shopping has been widespread among the general population the customer behavior has been amended and therefore requires examination of influencing factors, which are slight contrast to the traditional behavior different. Analyzing of the e-customer decision-making process, which consumers realize when they intend to purchase product online, could help companies to develop efficient web sites.

1.1 Background

For better understanding of e-commerce based companies is necessary to briefly subscribe development and expansion of the Internet. Further, there is need to describe Internet purchasing and basics of the ecommerce. In the end of this chapter will be examined the key players on the web market.

1.1.1 History

For the purpose of this work, the Internet technology will be outlined, because it is the medium throughout which is carried out this kind of purchasing and whole research.

The main reason, why the Internet was invented, was a connection needed between top United States universities for faster research sharing. The Advanced Research Projects Agency (ARPA) made the first step in 1950s. When ARPA succeeded in 1969, experts realized how enormous potential is hidden in this interconnection tool. The Internet is here already over a decade, it is a tool for communication and commercial industry and it is already known that it will stay. The Internet helped to founding new businesses, carrier opportunities and prospects for businesses to grow. (Niederst, 2007)

Few years ago network connection was created for the use of limited range of American universities, big corporations and only small amount of people had access to it. However, nowadays the Internet provides the biggest network in the world by which it is possible to find all kind of information. In addition, the network is used in every aspect of business from manufacturing to final sell of product. (Douglas E, 2004)

The Internet connects large variety of communication devices like computers, mobiles, GPSs, televisions, radios and any other devices.

1.1.2 Internet purchasing

The Internet has allowed to large public another way of shopping, which was until that moment impossible. Customers are no longer depended on opening times or particular locations. It is possible to connect to the Internet network almost everywhere and anytime, and purchase product or service. Moreover, it is possible to connect and make a purchase by station pc, or even on the way by laptop, mobile phone, smart phone or tablet. Despite of the fact that the Internet was invented few decades ago, it has already become everyday tool used by millions of people for communication, exchange of data and information. There is considerable increase in number of Internet users which have resulted in growing significance of online purchasing. (Joines, Scherer & Scheufele, 2003) The Internet has developed to one of the most important mass medium that can provide to the customer such possibilities as any other current mass medium. Particular features are creating for the Internet purchasing much more attraction ways of shopping, compared to the traditional purchasing process, and by this fact, it makes more convenient for customers. The features are ability to shop and view desired product 24/7, ability to find the product review from customers, who purchased the product before, and possibility to discuss the product with them. (Joines, Scherer & Scheufele, 2003) The products are usually cheaper over the Internet, what was recognized as consumers' previous primary motivation to shop throughout the Internet medium, however with changes in the world the price motivator has been replaced by convenience. (Oppenheim, & Ward 2006)

Online purchasing is a process, when costumer decides to choose to go throughout the purchasing process based on the Internet instead of traditional way of purchasing. The Internet has become completely new distribution channel. (Hollensen, 2004) The recognition of this fact and defining of ecommerce is attributed to Smith and Rupp (2003). They also claimed that it has the most significant contribution to the information revolution. Online purchasing has become one of the main reasons, why people use the World Wide Web, accordingly to Joines, Scherer & Scheufele (2003). The purchasing process involves seeking for a product, finding information about it

and the actual purchase. Consequently, the Internet has become great competition against traditional way of shopping. Furthermore, it has developed its competitive market, where e-commerce based companies fiercely compete for customers. In order to achieve competitive advantage and retain customers, it is inevitable to investigate the particular factors, which influence and persuade online customer to purchase the product.

1.1.3 Basic understanding of e-commerce

People usually see e-commerce as simple buying and selling of products or services by Internet, but electronic commerce is term for companies which not only use the Internet as place of sale, but also for firms which use this medium for conducting their whole business. The web-based businesses include wider range of activities that can be subscribed by four key perspectives: communication, business processes, service and online perspective. (Chaffey, 2011) In other words, these perspectives are generally considered as sales feature of e-business, which involves exchanging of data between parts of business in order to facilitate the financing and payment aspects of company's operations. The e-commerce is built on usage of technologies as mobile commerce, supply chain management, Internet marketing, online operations processing, electronic data interchange, inventory management systems and electronic funds transfer.

There are aspects, which electronic commerce firms have to build, develop, and sustain in upgrading, as infrastructure for sharing information. This particular feature is very important for increasing effectiveness of the company. Furthermore, there are basic needs which each e-commerce company has to construct and implement. These needs arise from the functional responsiveness, that are web design, manufacturing and controlling.

1.1.4 Key players

The topic of this work is focused on consumer behaviour in e-commerce and for this reason it is useful to mention main key players in the market, because they are the leaders, who determine trends in the web based companies. The chosen key players are Amazon, which is based on typical purchasing over the Internet, and eBay, that is great example of sites created for purchasing on a basic of auction.

Amazon.com is electronic commerce company, which was founded in the USA by Jeff Mezos in the 1994. Its original business plan did not expect to gain a profit for the first four to five years. Stakeholders did not positively accept this strategy, but this was one of the reasons why this e-commerce company survived in the downturn in 21st century. Today is this company multi-billion international corporation which started as a simple online bookstore. When the sites were launched, there was only possible to buy books, but it soon diversified, and has become online provider of great variety of products and services. The amazon sales progression is shown in the chart 1-1.

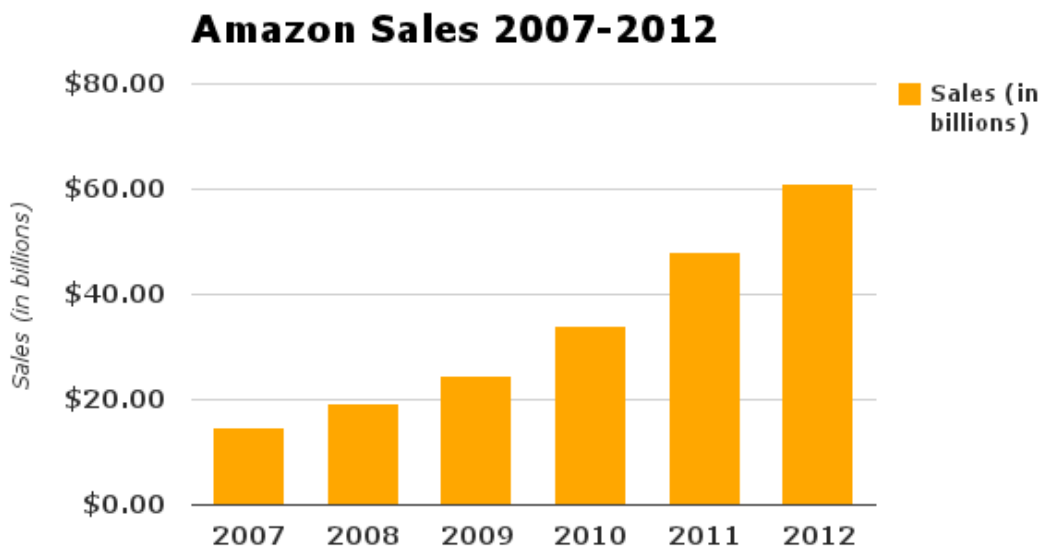


Chart 1-1 Amazon Sales 2007-2012

The company eBay.com is an e-commerce based company that was established in California in 1995. This company manages an online auction and online purchasing webpages in which customers buy and sell a wide range of products and services worldwide. Furthermore, the eBay is an example of great development by the time. The improvement of policy, web design and many other factors helped to survive this company and realize enormous profit. These are main improvements, which this company made: possibility of “buy now” was included by which give an opportunity of the traditional way of online purchasing; shopping by universal product code (UPC), ISBN, or other kind of stock keeping unit; online classified advertisements; online money transfers (PayPal) and other services. The following graph (1-2) displays eBay Net sales.

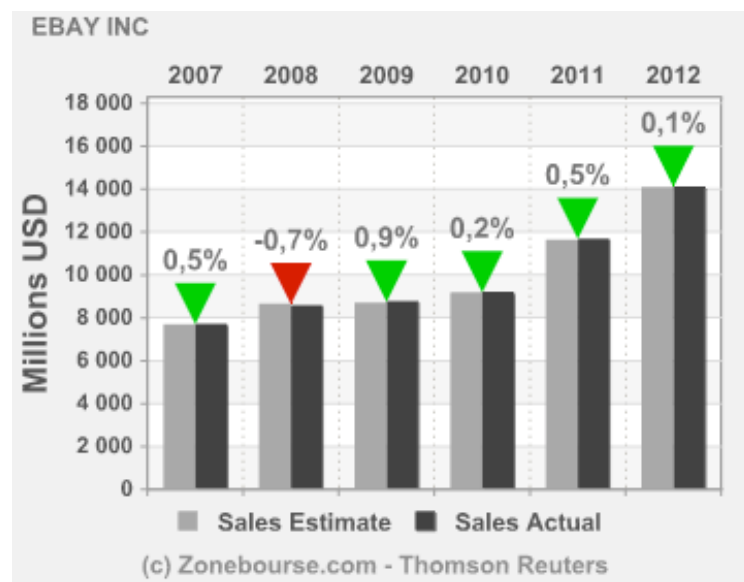


Chart 1-2 eBay Net sales

As usual, large organizations define trends in the particular industries and ecommerce is not exception. These two companies have identified the main trends for two decades and they still continue to deliver new innovations and improvements that are later recognized and used by competition.

2 Literature Review

The following literature review aims to explore the factors influencing customer behaviour in ecommerce. In order to do this research, relevant literature and surrounding theories have been discussed in this section of the work. First, the literature related to customer behavior and its basic parts is discussed to understand the key features of consumer purchasing process. In the next part has been determined ecommerce, which provides an overview of online-based companies. In the last sections are summarized and concluded the findings.

2.1 Customer Behaviour

First and foremost, it is crucial to clarify definition of customer behaviour in order to define focus of our study. According to Solomon (2009), customer behaviour is a subject of study of the process in which individuals or groups satisfy their needs or desires by purchasing, using or disposing products, services or ideas. This definition also supports Rice (1997) and explains consumer behaviour as a natural, individual expression of each person. In addition, it is frequently understood as a reflective behaviour in purchasing negotiation which has intention to purchase goods or services and as a shopping behaviour, and post-purchasing satisfaction.

Customer behaviour includes many different subjects and it leaves a free space for exploding other fields based on or supported by customer behaviour. (Dennis, Merrilees, Jayawardhena, & Wright, 2009) The customer behaviour field can be divided into three parts as follows: environmental influence, individuals' customer behaviour and decision-making process.

For the purpose of this paper are mainly preferred the two very last mentioned fields, that will allow better identifying, examining, understanding and predicting of customer-purchasing behaviour. In the final of Customer behaviour stage will be discussed link of customer behaviour with E-customers.

A consumer is in their purchase behaviour influenced by many factors that affect the final result of the whole buying process. (Li Guo, 2011) It should be noted that in the time a customer starts to think about purchasing of goods or services, they are already under pressure triggered by both external influences and internal influences. This is reflected among other things such as his personality and motives for purchase. There has to be a consideration of the desired kind of goods, and of course the purchase situation, in which the customer is currently located. All this is then more or less reflected in the purchase behaviour of each individual. (Solomon, 2009)

2.1.1 Individuals

Individuals are characterized by certain patterns of thought and behaviour. This definition implies that human personality is reflected in an individual's behaviour and interaction with the environment. There is an assumption that people have similar patterns of behaviour. (Loudon, 1993) Individual behaviour is changing with different circumstances. In this work, there are individuals outlined by four main topics, which are perception, personality and life style, attitudes, motivation and needs. (Sojka & Giese, 2003)

Perception

It is a process of giving a meaning to basic sensory stimuli like sights, sounds, smells, taste and textures. Study of perception is focused on what humans add to these raw sensations (Weinschenk, 2009). A perception begins at the moment of registration of the stimuli, but from physical point the human body is not able to perceive all of the stimuli, as the abilities of the human senses are limited. In this context, it is discussed the threshold sensitivity (Averill, 1958). Firstly, this process starts with a perception of sensory and then it is followed by a cognitive perception. A perception is an active and selective process. People's stimuli processing is based upon their value system, needs, interests, expectations, experiences, social environment and culture (Hudson, & Rosen, 1953). Businesses intend to impress all of these senses as each sense is directly linked to memory. Therefore, purchasing of a product is then much more

memorable. Nowadays many companies use it and they seek to imply this strategy and influence children in low age to grow consumers, who will be more loyal and who will spend more money on company products (Rodmell, 2011).

Personality and life style

A personality is a unique individual characteristic that influences person's emotions, motivations, cognitions and behaviour in all kind of situations. This topic of personality was conducted by many researches and vast majority of them has proved the link with customer behaviour. However, they have further suggested that the connection is weak and it does not significantly affect a market, though experts still struggle that personality is one of the main variables in influencing of customer purchases (Loudon, 1993).

This area has new promising directions in understanding the consumers' strategies. Personality itself was never used alone as it is combined with other information like interests, opinion, age category and others, for creating profile by which companies can predict customer behaviour. (Perkins, 2012)

Determining a life style is important in wide range of marketing operations like segmentation, new product development, reaching consumers and advertising. The products are raw materials of our everyday life style. From marketing point of view, it is already known that products are purchased by same types of personalities, which can be assessed to the particular segments (Gountas & Gountas, 2007).

It is the reason why marketing targets these segments and seeks to customize product to meet their needs which has consequently results in higher sales. Also, they are focused on usage in desirable settings or contexts.

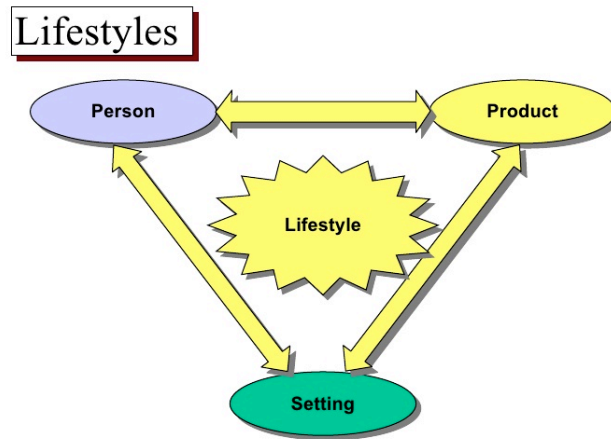


Figure 2-1: Life style creation (Nirmala last, 2008)

Attitudes

There are several definitions that subscribe this term, that have variety of meanings from one researcher to another and it is a fact caused by attitudes being observed indirectly. Attitudes affect an individual's choice of action and how favorable or unfavorable they feel towards an object, person, or event (Gagné & Briggs, 1974). This term was first characterized by Allport in 1935 in handbook of social psychology (Murchison, 1935) and it is the most distinctive and indispensable theory in social psychology. He looks on the attitude like predisposition to respond to some object or category of objects in consistently favourable or unfavourable way.

Attitudes have various numbers of important characteristics and properties. They have an object, direction, intensity, and degree; structure and they can be learned (Petty, & Wegener, 1997).

In addition they have major functions: adjustment function, the ego defiance, the value expression function, and the knowledge function (Aiken, 2002).

Motivation and Needs

Motivation is the driving force that leads us to achieve our chosen goals. It describes the collection of all elements in the behavior that support or inhibit an individual to act or to hold back. These elements are called motives. Motivation is divided into internal and external motivation. According to Forgas (2009) motivation arises for minimizing physical pain and maximizing pleasure or it may occur when there are specific needs such as food, rest, goal, state of being and ideals. Conceptually, motivation should not be confused with will or optimism. Motivation is associated with emotions, but it is not a basic source of their self-determination. It has 5 primary sources that create the incentive structure:

1. Needs,
2. Habits,
3. Interests,
4. Values,
5. Ideals.

Theory of needs is likely the best known theory of motivation. It claims that people are driven to reach their maximum potential, till some obstacles stand in their way. These obstacles include hunger, thirst, financial problems and everything that prevents people from their full development (Loudon, 1993). The need generates motivation, motivation invokes action and after satisfying the need motivation decreases in its intensity. This is called motivation process.

Needs are divided into:

1. Biological needs (primary, congenital) - need to breath, food, safety, sleep
2. Social needs (acquired) - cultural (education, cultural life, etc.) and psychological (joy, happiness, love)

American psychologist Abraham Maslow is the author of hierarchical system of needs organized according to their urgency for humans, which was formed into the pyramid that is displayed below.



Figure 2-2 Maslow pyramid of needs

2.1.2 Decision-making process

At the beginning, it is necessary to mention that decisions are made on the basis of very complex process and it involves a wide range of studying areas, however this work is focused on decisions types.

In this section, the buyers decision behaviour is discussed and how it is influenced by every day unconscious thoughts and actions. These thoughts and actions are controlled by different parts of the brain. An average person has every day 6,000 thoughts. This flow is called the train of thought. Most of the thoughts are in the subconscious, which means that they almost are not noticed consciously but human judgment is affected by presence of these thoughts as well as by conscious thoughts. Humans often do things without realizing why actually they do it, as these decisions are very quick. People very quickly make up a reason why they behave in this particular way and believe in it (Weinschenk, 2009).

For this chapter, it is necessary to describe five main decision types, that are: (1) what to buy, (2) how much to spend, (3) where to buy, (4) when to buy, and (5) how to buy (Rice, 1997).

The most basic task in this process is decision on (1) *what* to buy. There could not be any decision or purchase without this fundamental decision. In this stage of decision process customer chooses what kind, brand, price and features of the product they want.

Second important choice is related with (2) *how much* a consumer is willing to spend on particular product (Kotler & Keller, 2006).

Another question, which arises in connection with purchasing, is (3) *where* will they buy the product. This is very important decision that is related with other types of decisions. A customer has to choose not only the store where they want to do the purchase, but also the precise outlet as not all of them are alike. There are many possibilities for a consumer to choose like shop location, services offered, merchandise line and prices.

Urgency is the main factor of decision type of (4) *when*, but it is also influenced by availability of purchase item, transportation choices, store opening times and periods of sales.

The decision of *how* to buy is not basic but it is complex issue. Many factors are involved in influencing of this decision. A consumer can have different access to the strategies like shopping extensively or they can buy from first outlet, pay cash or take the product on lease, have it delivered or take it home.

In other words there are numerous patterns occurring in the market depended on customer strategy that are generated by each individual.

This work is based on ecommerce and from this fact flows that decision type *where to buy* has been already decided.

2.1.3 Purchasing process

Purchasing has five stages in the process of recognition of a need, finding information, evaluation of the offer, requirement, demand, purchase and evaluation of purchase.

In *recognition of the need* emerge individual differences that are grounded from different demographic characteristics, lifestyle, personality characteristics, knowledge, attitudes, customers motivation, culture and environment. When student wants a mobile phone it is not need of having mobile phone but in fact it is the need to communicate.

After consumers have recognized their need or problem, they move to the next stage of decision-making process, which is *searching*. The searching includes seeking information about products, prices, stores and other information related to the product or service. When customers search for information they use their memory stored on the basis of previously acquired information about the products, the "Inside information", and add to them the other external communications information. For these external information are active and passive searches. Active depend on the customer's will, passive is unplanned to obtain information from advertising or from interaction with other people. Passive information are not a result of customer effort. The less information customers have about a product the more they must ascertain for evaluating them and then deciding for the purchase. There are many sources from which consumers can gather the necessary information. Most of the people turn to family, relatives and colleagues. Another option of information channel can be magazines, television, and nowadays probably the most used is the Internet. Internet is the place where a person can find a site strictly focused on the price comparison of products and more.

In order to *evaluate the offer* by customers, they require review the offer while they are paying attention to the details their understanding, acceptance and retention in their memory. When the consumers managed to collect all the information they need, then they can start to evaluate this set of information and decide which product or

service to buy. Skylight (1996) states that selection of a product has two levels. In the first level an individual chooses what kind of product to purchase and in the second level the customer chooses a particular brand of product.

The requirement is the formulation of the customer needs. This subject is important in the buying process as well as the customer can know their need and the way they could satisfy it, but they may not want to formulate it. For example when a student needs a new chair he or she may just do nothing about it because they may not be able to afford it. The request is formed out of the need and expectations of the customer.

Demand arises only in the manner of purchase-capable customers.

The purchase is an act where there is an agreement of requirements between demanding customer and vendor. Existing offer is condition for the realization of the transaction.

Evaluation of purchase is situation when customer evaluated their satisfaction. With satisfied customers is higher likelihood they will remain loyal and buy again.

2.1.4 Post-purchasing process

It is crucial to do not forget that decision process is not end by purchasing of product but continue as consumer uses the product and assigns the value of his purchase decision and experience with the goods and he may realize connected purchase. The post-purchase process is the last phase of the purchasing decision process. This topic is very wide, so this work will discuss only related concepts, which are post-purchase, satisfaction and post-purchase actions.

After buying the consumer could feel dissonance resulting from the presence of some troubling signs or hearing favorable comments about other product, and will also be attentive to information that would support the correctness of its decision.

Marketing communications should support the opinions and evaluations justified for the accuracy of the consumer's choice and help him to receive the good feelings.

Satisfaction is an evaluation of emotion which is obtained from experiencing of product or service. After the purchase is done two situations may occur and they are that customer product expectations are filled, or not. When customer is adequately satisfied, he may repeated same purchase or he can buy other products of the same manufacturer and can also bring positive references in the environment. The best possible situation is if the use of product generates much greater benefits than expected. In the event when the product has been purchased and has not fulfilled expectations of the consumer it could has result in choosing different product of the company or completely different brand. Another consequence is those customers could take an action and share their bad purchases experience with other current or potential consumers.

2.1.5 E-customer

Despite, online customers go throughout the same purchasing process and consumers' behaviour has same theoretical basic, there is a need for more deep specification of the online customer. In the order to identify E-customer behavior and for the purpose of this research, it is necessary to outline some key factors such as online customer behaviour, trust and searching process.

The online customers behaviour (CB) has the same stages as customer behaviour of standard customer behavior of consumers, who shop in outlets. There are few differences between these two types of CB, which arise from the fact that all purchasing process is conducted throughout the Internet.

Moreover, age factor is considered as main attribute of the segmentation and it is one of the determinants for online purchase intentions. (Smith and Rupp, 2003) Older people who had no regular interaction with communication technologies would not chose the Internet as purchasing medium. On the other hand, young people would, as is argued by Smith and Rupp (2003). This was deduced from fact that the young men and women use computers and the Internet more often. Further, Monsuwé *et al.* (2004) claim that young people usually have better technic knowledge. In addition,

they also support the statement that young age people usually have significantly higher interest in using new technologies.

According to Kimberly Palmer (2007), the majority of the online consumers use the Internet shopping, due to the fact they want to save time and money. For the purpose of this work are further determined two attributes of consumer behaviour, which are online customer trust and E-customers searching process.

Online customer trust

According to Monsuwé *et al.* (2004), the Internet is a relatively new shopping medium. It is demanding for knowledge and therefore customers considered this way as risky. The salesperson is in the traditional way of purchasing a silent source of trust and customer is depended on his expertise. Whereas, the salesperson has been avoided in the Internet based shopping, Monsuwé *et al.* (2004) claim that the core of buyer trust has disappeared. They further clarify that customer has no possibility of checking the quality of a product, nor he cannot monitor security of the personal data when is in the purchasing process need for revealing them. In summary authors, argue that if the e-commerce security and privacy level is proven to the customer there should be positive effect on customer trust and intention to purchase online.

In addition, companies must show to the consumer that they are competent in managing information and supporting the consumer after a purchase is done. If this can be achieved, the consumer is more likely to "engage in trust related Internet behaviour like purchasing, cooperating, and sharing information" (McKnight & Chervany, 2001-2002).

E-customer searching process

This part is focus on the decision-making process in terms of information seeking. The searching process begins in the time when consumer decided to purchase desirable product. (Bellman, Lohse, & Johnson, 1999) Moreover, this section explains function of the communication channel, which customers use while information

seeking, that is the Internet. Furthermore, it determines the basics and role of search engines during the information searching process.

A search engine is a software system, which is designed to seeking information on the Internet. Generally, the results generated by these engines are displayed in a line frequently stated as search engine results page (SERPs). The information can be in the form of web pages, images, information and other types of files. There are also search engines that can mine data available in databases or open directories. The search engines support customer decision process by reduction of search cost, higher involvement in the information seeking process and amplified ability to search for information. Although, there are some disadvantages such as information irrelevance or invisible web.

In any case, the searching for product information on the Internet is the most important advantage of the online buying behavior. (Zgodka, 2011)

2.2 E-commerce

E-commerce can be seen as simple buying and selling of products or services throughout Internet, however E-commerce includes wider perspectives than that, it has four main perspectives: A communication, business processes, service and online perspective. (Chaffey, 2011) In addition, these businesses can be split into three groups, which generate value: (1) convenience plays, (2) cost reducers, and (3) money producers.

In today economy is real currency time and the best way to create loyalty is make web sites easy to use and convenient. (1) This *convenience plays* try to build strong brand, it cause higher costs, but over time it bring much higher efficiency and makes customers more loyal, even they have got occasionally bad experience. (2) On the other hand *Cost reducers* are companies oriented on eliminating agents, dealers and salespeople. In addition, they eliminate paper catalogues and centralise their warehouses and distributing subsidiaries. E-commerce improves co-ordination and

communication in manufacturing, sales and distribution department and it has impact in the cost reduction and time management. It generates value throughout enormous cost savings. The (3) *money producers* are associated with three different business sectors:

1. Advertising
2. E-shopping
3. Supporting

The major focus in this work is on E-shop based E-commerce. Electronic commerce has many benefits but it has drawbacks as well. To the major advantages of e-commerce are considered implementation, costs, competition and drawbacks in terms of poor security and lack of trust between customer and company. (Chaffey, 2011) E-commerce is business electronically controlled from ordering to delivering. Companies based on ecommerce, have to think about building infrastructure for sharing information to increase their effectiveness. The functional responsiveness of e-commerce is design, building, manufacturing and controlling. Furthermore, effectiveness and competitiveness of ecommerce business is depended on its objectives, which typically are:

1. Shorter manufacturing time
2. Faster customer response
3. Better service quality
4. Cost reduction
5. Shorter product cycles

For reaching these objectives company have to be aware of current developments in interactivity and real time transactions, new trends in information technologies and security of the transactions processed throughout web based systems. (Shim, 2000)

2.2.1 Marketing and advertising

After invention of the Internet and the spreading of the e-commerce based business, having efficient and creative web pages was enough, but in today's competitive world companies have to intent to using complex marketing strategy to create competitive advantage. There are two types of marketing traditional and Internet based marketing. On-line marketing differs from traditional marketing techniques, not only due to the fact that it deals only with part of the population who uses the Internet, but mainly because the Internet is a highly interactive medium. The most significant topics from the Internet marketing for this work are marketing analysis, advertising and public relations.

Marketing analysis

It is necessary to do not overlook the amount of accessible marketing information on the Internet. There is possible collect primary data as well as secondary data. On the other hand these data have to be evaluated for credibility because information on the Internet is not usually evaluated and reviewed, so they can be incorrect or unreliable. (Drapkin, 2001)

Marketing analysis is often conducted by collecting of *Secondary data*, because it is effective and usually available for free. This seeking for example is intended in online surveys, interviews, focus groups and papers. Political, legal and economical information are available on government's web sites or in many financials, economical news all over the Internet. Demographics and cultural trends are also available information, which are important when company conducting marketing analysis. In addition, information about your competitors are present online as well. International companies have their marketing strategies usually freely accessible. So, it is possible to use this information in analyzing of external environment. (Shim, 2000)

Collecting of *primary data* does not require checking of data reliability and the data are more relevant to the specific problem. It is arise because companies collect their

own information. On the contrary, primary data assemblage have drawback in terms of financial costs and time costs.

Advertising

Generally, advertising is used to achieve several intentions, which are increase demand, inform customers, increase demand elasticity, discourage entrance of new competitors and differentiates the company from current rivals. The Internet advertising can target particular segment of customers easier and less expensive than other promoting media. Web advertising is not a passive form of ad, but an active one.

Online advertising has two models, the “push” model, and the “pull” model. Both of models are used on the Internet in large volume. Subscription of *pull model* is that buyers have greater input, rather than *push model* is conduct to targeting audience and content of commercial is created to push the customer to the purchase decision. Organization success is not based in traditional marketing and selling methods. In the past was marketing strategy to broadcast to a vast number of potential customers. Traditional advertising in radio, TV and newspapers has disadvantages, because at first it is expensive and secondly it has limited space for message. In the broadcast-type of promotion is high potentiality of receiving negative reactions from online users. Majority of network service providers have strict regulations against undesirable ads.

The companies use many advertise tools like television, magazines, movies and newspapers, as well as the online advertising channels, all of this tools are an opportunity establish a strong brand. The brand should be memorable, recognizable and unique. Online advertising has become a big part of promotional world, it includes placing banners, and links on other companies web sites. Moreover, it is possible to place advertisement on yours web pages to earn additional income.

Banner figures like small billboards, which containing advertising message. It can have different size and place on the web. It is usually used like link to the advertising web page. (Eccher, 2004)

Another effective way of promoting is increasing your visits through *search engines*. The company should be possible find on as many search engines, as it is possible. For successful e-commerce is crucial to improve their chances of appearing their sites on this search engine web pages. Giving on your web page invisible key words or “metatags” increase, these chances and customers can find web sites with company product much easier.

Related method to improve search engines rating is *reciprocal links*. These links are conducted to reach higher ranking in search engines.

In addition, *E-mail* is another very useful promoting channel in fact, it is one of the strongest communication connections between customer and advertising company.

Finally, it is essential to mention important theories called *Buyers' characteristics*, which Kotler and Armstrong (2007) explain as the form of advertising that the consumer decodes and obtains stimuli from it. Customer decisions are influenced by his specific needs and his individual characteristic. (Kotler & Armstrong, 2007)

Public relations

Public relation (PR) in ecommerce is keeping customers and employees in updated state about new products, services, firm promotions and customer reactions. Press releases, special events, presentations and e-mails are communicating tools for that purpose.

Great method of ascertain what is interest of your customers is conducting online chat session. Web page bulletin board provide for people opportunity of commenting on your product or events. It is possible to engage your customers by making special events or function on the web sites.

Announcing current events, new products and other significant news about company through *press release* are delivered over the Internet. There are many web pages, which allow submitting a press release free.

Nowadays trend is producing videos of speeches, commercials, advertisement and music for attracting new customers and it helps in company PR. These videos are usually placed on websites, which distribute videos free like youtube.com, csfd.cz, or imdb.com and many others.

Some companies use option of *outsourcing* their PR, it can be risky in terms of sharing sensitive data with other company, but in contrast the PR company is specialized only in these field and it can bring great competitive advantage.

Another part of PR is *Crisis management*, which is constructed for responding to problems that company is having, because many investors and customers closely watching financial news about Internet companies in which they are interested. The financial news are from major part made by public. When company doing poorly, the PR department should investigate this problematic information and take an action to correct it. (Chaffey, 2011)

2.2.2 User Experience

People's lives are increasingly infiltrated by digital communication technologies and the term User experience (UX) has been widely spread all over the Internet. Human-computer Interaction (HCI) community, without full understanding, firstly used this term. Obsolete and inadequate frameworks and methods of HCI that were in that time focused only on user cognition and user performance caused UX popularity. (Law, Roto, Hassenzahl, Vermeeren & Kort, 2009). UX is still a very young field, which is still in evolution process, but it already involves many subject areas like psychology, product development and technologies. There is not one particular definition of UX, but according to the founder of this phenomenon, Donald Norman, UX covers customer experience with whole system attributes, which contains industrial design, graphics, user interface and the physical interaction. In other words UX is sum of all aspects that influence user experience with a certain company with the aim of affecting their behavior and decision-making. (Unger, 2012) These aspects are interdependent with basic senses. For the purpose of this work will be discussed only part of the UX dealt with web design.

Web Design

Web design has many definitions and they can be divided into two categories. The first category is the programming part, which is considered about backend functionality of pages. The second category could be defined as a design part, which is based on the front look and gives an image of the company. (Eccher, 2004) However, both of these categories are correct and it is important to obey both part of web design creating. Around a decade ago web design meant creating only statistic web pages based on Hyper Text Markup Language that is normally known under its abbreviation "HTML". Nowadays it is much more usual to create dynamic sites, that use other programing languages like JavaScript, ASP, JSP and ColdFusion for communicating with databases and browsers, along with HTML pages, graphics and CSS.

In the design developing process it is necessary to understand three web-design philosophies that are usability philosophy, multimedia philosophy and Mortised philosophy. (Eccher, 2004) All of these philosophies are influenced by three factors, that are aesthetics, usability, and functionality. *Aesthetics* consider the side of the web sites look, its professionalism and consistency with business image requirements. *Usability factor* on other hand deal with question how fast and easily can customer find desirable information. Last factor is *functionality*, which in this context means programming part of pages. Functionality should enable the functional aspects of the site. (Niederst Robbins, 2007)

Multimedia philosophy uses animation, audio, and video to conduct more interactive pages. This approach is an effective way of communication throughout the Internet. The main advantage of Multimedia philosophy is vector-based image technology, which enables higher compression and ability to resize the media and present it without any loss of quality. Another benefit flows from content appearance. (Dustin, 2001) The content is displayed in the same way in any browser or operating system, because of the plug-in display. It is also its drawback because user has to have installed the plug-in.

Mortised philosophy is a bridge between usability and multimedia philosophy. 95 per cent of today's web sites are based on this approach (Eccher, 2004). Aesthetics is not only consideration in mortised sites, but they are also knowledge driven. *Usability* philosophy or method is described closely in the next section.

Usability method

Customers are not willing to stay on site where they have to wait for loading or where they are confused about information or page design. (Peuple, 2003) A research discovered that visitors do not spend more than 3 to 5 seconds on the home page itself. It is really short time in which it is necessary to transmit the message. (Eccher, 2004) Usability is established for keeping a customer on the sites and its related pages. The usability is concern by six main areas. These are download time, resolution, browser compatibility, site architecture, layout, and navigation.

Browser compatibility should be an issue of the browser vendor, but parts of browser interface have to be considered from usability perspective for example action buttons, security warnings and printing ability. (Dustin, 2001)

Download time is made of transfer of content from web system to the user device. Also, it is the time, which user has to wait to get information. It is the main problem for users with slow Internet connection. (Eccher, 2004) There are many methods to reduce download time. Two of these methods are using the right size of images file formats and HTTP compression, which enormously reduces the size of files, so downloading is much faster.

Screen Resolution or current video mode of customer influences the usability of the web system. There is a scenario, when the browser render content is irrespective to the sites width and height and then it shows scroll bars and enables the user to see the off-screen. It can discourage customer from purchase and they can transfer to the competition.

Sites architecture is a style and manner in which they are constructed in terms of sections and pages. The site architecture is shown in the sitemap but the sites should not require from the customer to see the pages structure because as mentioned above the customer spends very little time on a site, and therefore if they have to find out how a site works they will try other e-commerce based company. Based on this reason it is necessary to have intuitive design.

Good *layout* contributes to the professional image of the sites and it is important for usability of the sites. Desirable information should not be away more than three clicks. (Drapkin, 2001) The layout considers positioning and scrolling. Positioning content is the most important part for creating intuitive and professional design. Menu is the first item to position in consideration. Over the years was developed standard of placing menu to the left or to the top of the page. Next item or area is header, which typically includes items like company logo, banner, and links for globally used functionality, company tagline and content. The best strategy for designing header is

to use as much content that can be captured by customer or user. (Moczarny, Villiers and Biljon, 2012) The reason is that computer saves the header content to the memory, and when a customer moves to other page than it is downloading only the body of the page, so the time of downloading is shorter. In contrast, it does not mean that it should be overstuffed. The last area for positioning is the body. Even though the previous parts leave only a small space for deciding where to place it, still it is not an easy task as the customer with lower resolution may lose part of design.

Another usability is navigation that is key to effective web design. It is necessary to create navigation in way to help a user to find desired information. Design experts use motto: “to confuse a user is to lose a user”. (Dustin, 2001)

Security

Security is a collection of techniques for ensuring that transmission between communication technologies and data warehouses are safe and cannot be read by unauthorized users. Internet based companies deal with complex and quickly growing problem of security. (Gehling & Stankard, 2005) Companies face many security issues that are for example protecting stored data, transporting message in terms of authorization, auditing, confidentiality, integrity, availability and non-repudiation. (Ghosh, 1998)

E-commerce has additional problems with security in terms of protecting sensitive data from their customers. The main issue is that an organization is based on the network and computer technology, and it can be attacked by same technologies. Hackers can use computers to intercept network traffic and use this information for their benefit. Also, they can make repeated attacks on system and by that break its security. (Tassabehji, 2003)

Nowadays when a company has proven online security, it can give competitive advantages for that organization. Result of Consumers awareness of security problems has direct impact on the company sales. (Nasser, 2001)

According to the *BreakingNews* survey from 2001 called "Security lapses have wrecked online customer confidence", up to 90 per cent of potential customers can be discouraged from their purchases. Customers are the most concerned about safety of financial and health information. E-commerce companies are usually defended by firewalls, authentication schemes, and encryption. (Tassabehji, 2003)

2.3 Literature review summary

In summary of this section the findings of customer behavior with dependence on E-commerce business are reviewed.

Further, this chapter showed the advantages, drawbacks and necessary segments of e-commerce. It was discovered that customer behavior would always remain a current question in an organization's policy and strategy of targeting customers and especially in the e-commerce businesses. The key-factors to retain E-customers are based on investigation of online customer decision-making process, purchasing process, post-purchasing process and user experiences on web sites.

From the Literature review have been formed the following five objectives:

1. To determine who does purchase on the Internet
2. To ascertain what kind of product customers purchase
3. To determine and evaluate the main customers motivation factors to purchase products online.
4. To find out whether there is a relationship between customers trust in online purchasing and amount of their spending
5. To discover the main reasons why customers abandon their purchase

3 Methodology

Firstly, in this chapter are discussed research objectives and strategy, research methods and sample of respondents, further the design and distribution of the questionnaire are justified. The last part of this section is dedicated to pilot study and research limitations.

3.1 Research Approach and Instrument

Considering the nature of these research objectives and their purposes, as the most relevant approach was chosen a quantitative method in the form of survey/questionnaire. Furthermore, there is a need for consideration of budget and time for conducting the research.

For this work were considered three types of methods, which are questionnaire, interview or observation. In order to examine the research objectives and collecting primary data needed for finding answers, the form of survey was selected as the most appropriate method, due to the fact that it is the best way to collect a great number of replies to specific set of questions. Utilization of questionnaires is often used for quantify attitudes.

The questionnaire is anonymous and respondents filled it in alone without any forcing, affecting and influencing from researcher side. It should have result in unbiased and honesty answers of respondents.

3.2 Sampling

This part of study deals with the sampling techniques that target a representative group of population. These techniques are necessary for conducting the research.

3.2.1 Sample

Samples determined as non-probability samples are formed for clarifying of unites, which are characteristic or they are formed for purpose they may be conveniently assembled. Non-probability sampling method is usually less expensive then probability sampling. (Fink, 1995)

3.2.2 Sampling Technique

For the aspiration of the research was chosen snowball-sampling technique. This method was the most suitable, because there was a need for choosing people, who are able and have resources to communicate and work with the World Wide Web. In addition, it is associated with respondent references and recommendations that have result in spreading of survey.

3.3 Distribution of Questionnaires

To distribute the questionnaires, it is possible to select from three distribution channels, namely post, online or delivery and subsequent distribution channel. (Flick, 2011) From the nature of this work arises that the best and most relevant way of distribution is online channel that brings benefits as reaching a great number of population, fast responds and spreading of questionnaires, probability of uselessly answers is low and it decreases misunderstanding level of the responses. On decision-making process also contributed limitations, which were considered in terms of

deficiency of financial and time resources. On the other hand, online distribution has a very low response rate, which is the main drawback.

3.4 Pilot study

Prior to questionnaire distribution, a pilot study was conducted. An initial survey was presented to the several bachelor's and master's students and author's personal tutor to ensure that the questions could be clearly understood and collected results deliver meaningful outcome. The pilot survey can be found in Appendix A. On the basis of the feedback from students and from the tutor were some major design flaws identified.

The main problem with the survey was in the third question. This question required from participants to mark the main influencing factor that could show, which factor is for vast majority of people important. However, the main factors were altered to the ranking questions, which requested the participants to rank the level of factor's importance. There was also a need for adding question to ensure that there is no other factor which was not considered.

3.5 Questionnaire Design Analysis

In this section are discussed the motivations of arising questions in the survey and its ethics. The final survey contains 19 questions, which are made up of several types of questions. These types are open, close, category, list and scale questions.

Protection of respondent's privacy is provided by questionnaire total anonymity and it will remain anonymous at all times. Names were not required and all of questionnaires participants filled through the Internet alone, which should have result in honesty of answers

First part of the questionnaire deals with *personal details* and whether the participant is appropriate for next set of questions. However, this section provides information about gender and age category of respondents. These two information are necessary to overview, who makes a purchase online and how much particular person is willing to spend online.

The second part is constructed for purpose of conducting the second and third objective. The first set of the questions based on ranking was used for evaluating of importance of main motivation factors. Further, there is need to calculate coefficient of importance, which will be compute by simple calculation. Moreover, the last question is compiled for participant's contribution of other factors, which could persuade them to the online purchase. Last question of the section is considered about what customers buy on the Internet.

The third section is focused on collection of information for fourth objective. These information include data about how often participants purchase, how much they spend and how strongly they trust in online shopping.

The last part is aimed at gaining data about reasons that can negatively influence online buyers and discourage them from their purchase. In other words, this section is formed to justify the fifth objective, which solves out phenomena of discouraging customers from online shopping.

3.6 Limitations

Due to several factors, this research has several limitations. The most important factors were time and financial resources, which left the place for further research.

One of the main limitations in this study might be considered an influence of customer, purchasing only once, received negative experience, and then never use this kind of shopping again. In addition, this kind of respondent can spread this opinion to

the other participants of this research and influence their answers. According to the negative experience, respondent's evaluation can crucially impact on final results.

Another limitation can be seen in the structure of the respondent's age categories. There were 68 per cent of the respondents from one age category that were 20 to 25 years. According to the ILC-UK it can be result of that "older people are significantly less likely to have access to the internet than the general population" (2011, p.2). Due to this fact, the research can not be generalized for all population.

Furthermore, there is a possibility that each respondent could fill the survey more than once because it is fully anonymous and it was possible to fill the questionnaire for a period of 15 days and respondent could forget that this questionnaire has been already filled.

Moreover, another limitations of this research arise from no consideration of several factors such as the culture in terms of customs and respondent background, his believes, education and financial resources.

4 Research Results and Analysis

The previous section of the paper discussed methods and strategy of this research. Further, there were described and explained research limitations, a pilot study, sampling and design of the questionnaire. This part of the dissertation thesis presents, discusses and analyzes results of the survey. The survey was constructed in order to collect primary data to conduct research objectives. The results of the collected data will be presented in order to these objectives. The findings are displayed by using graphs and tables.

Results are divided into several parts for better investigation of dissertation objectives. The first part is focused on general information of the respondent. The other parts are concerned with the objective of the research.

4.1 Demography of the respondents

For fifteen days, it was possible to participate on the research by filling in the questionnaire, which was placed on the Internet. For that time, 223 participants have contributed to this study by completing the survey. From the result of the first question is obvious that the number of men and women, who were participating on this research, is almost equal. Results are shown below in the chart 4-1 and in the table 4-1.

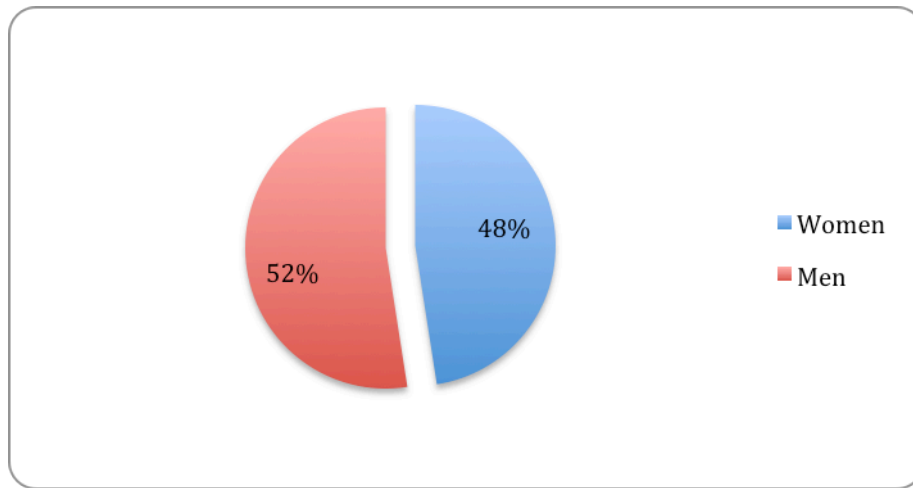


Chart 4-1 Gender of respondents

| Gender | Frequency | % |
|--------|-----------|-----|
| Women | 106 | 48 |
| Men | 117 | 52 |
| Total | 223 | 100 |

Table 4-1 Gender of respondents

Into this research, age was included to determine which age category uses online purchases and spends the most. Further, age can be used for further explanations and clarification of the other questions and for determination of the segment between respondents. Participants were asked to choose in which age category they find themselves. How figure below shows 7 per cent of respondents are between 16-19 years old. The most significant age group was between 20-25 years, which had 149 respondents what represents 67 per cent of total responses. The second largest age category with 34 answers was 26 to 35 years. There were 19 people at the age of 36-50 and the last group was over 50, where found out themselves only 5 respondents. (See chart 4-2 and 4-3)

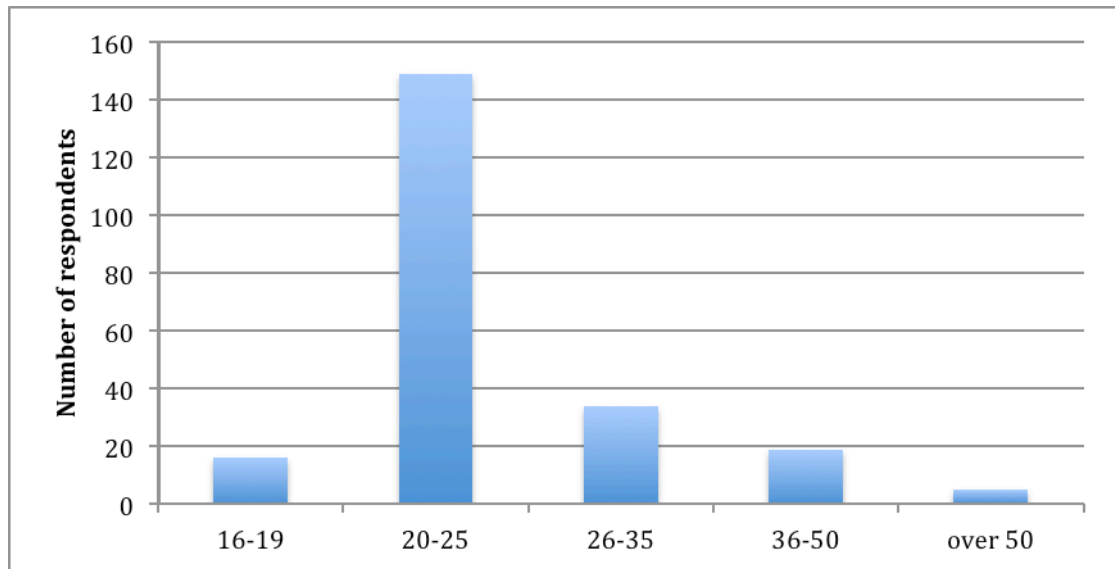


Chart 4-2 Age structure of respondents

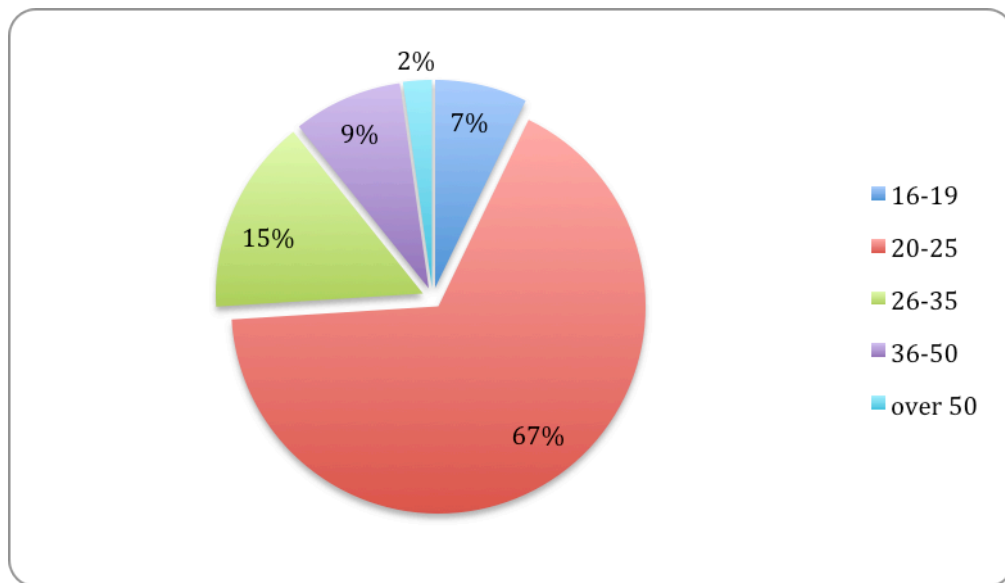


Chart 4-3 Age structure of respondents

Next question was condition, for completing the questionnaire when respondents answered negatively then they were automatically referred to a thank you page for completing the survey. The question considered if the respondent has ever bought any goods online. There were only 4 negative answers, which represents 2 per cent of the overall result. The percentage of answers is shown in the chart below (4-4).

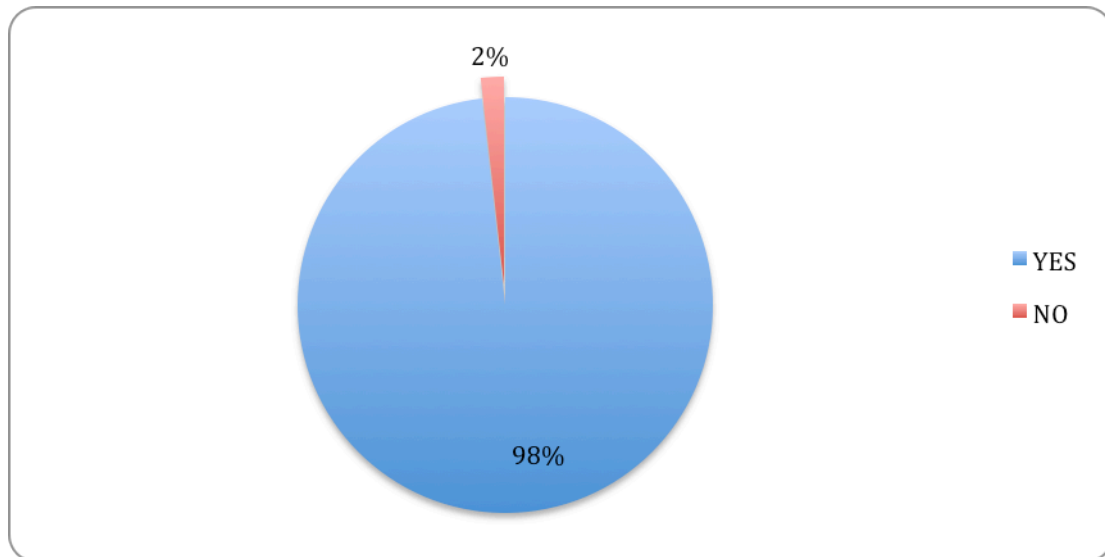


Chart 4-4 Ratio of people who ever purchased online

4.2 Customers purchasing motivator factors

These questions were developed to analyze how important are factors of convenience, price, customer review, product information, simplicity of shopping and product variety. The results of each question are shown by bar and pie graph for better presentation of collected data. Furthermore, to evaluate these motivators were necessary to calculate their coefficients of importance, which are displayed in end of each attribute.

The first question of this section was focused on price motivator factor and enhanced respondents to evaluate their opinion on ranking from 1 to 6, where 1 displays the highest importance and 6 the lowest one. In other words, it shows how price is important for persuading customers to purchase. Despite of the total number of respondents, which reached 223, only 219 respondents answered this question. The results are shown in figure 4-5 and 4-6. The coefficient for price is 1.053, this means that this motivator is highly important for customer decision.

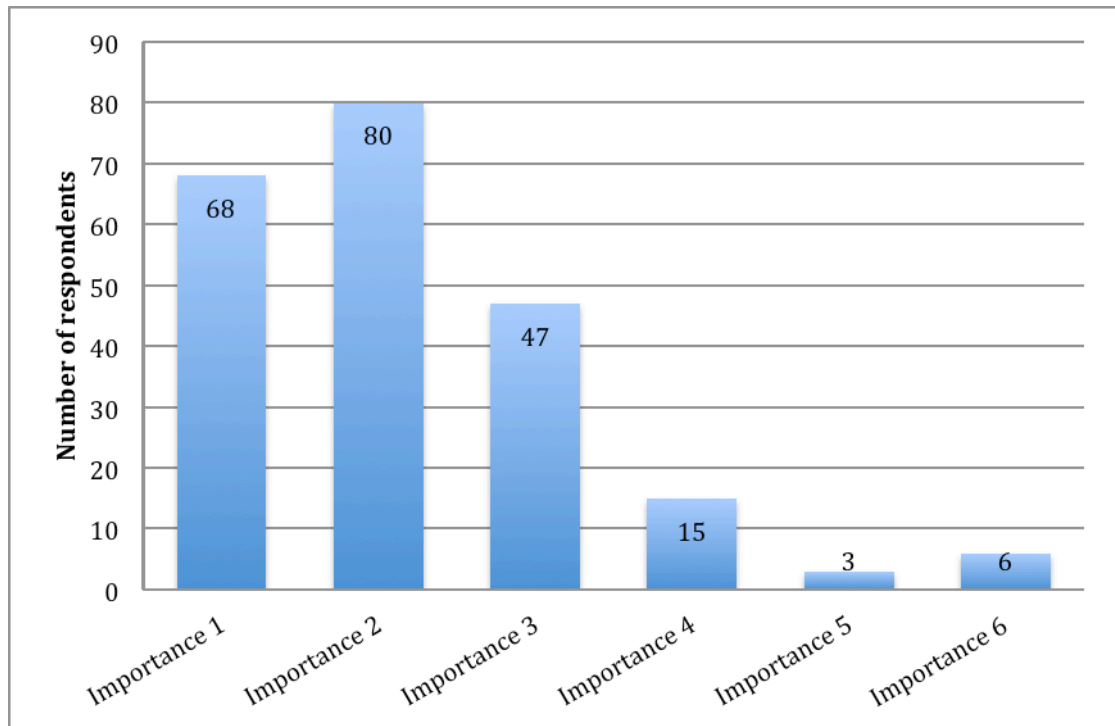


Chart 4-5 "Price motivator" number of respondents

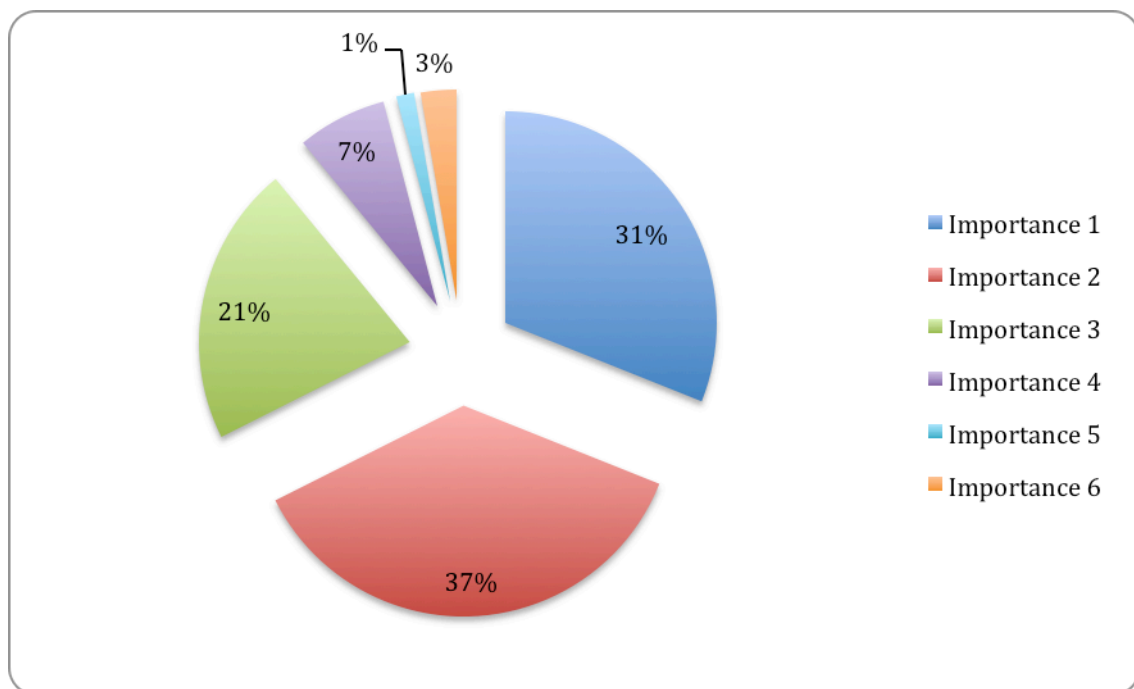


Chart 4-6 "Price motivator" percentage of respondents

Next question was aimed to the investigation of importance of convenience in the online purchasing. Convenience includes four factors, which are get on time delivery, possibility of purchasing product anytime 24 hours per day, easy comparison between products and the last part is availability of product information that is for a purpose of this paper separated into its own single question. The question was constructed on a form of ranking from 1 to 6, where 1 was the most important and 6 the lowest importance. The results are shown in the graph 4-7 and 4-8. The convenience coefficient is 1.005.

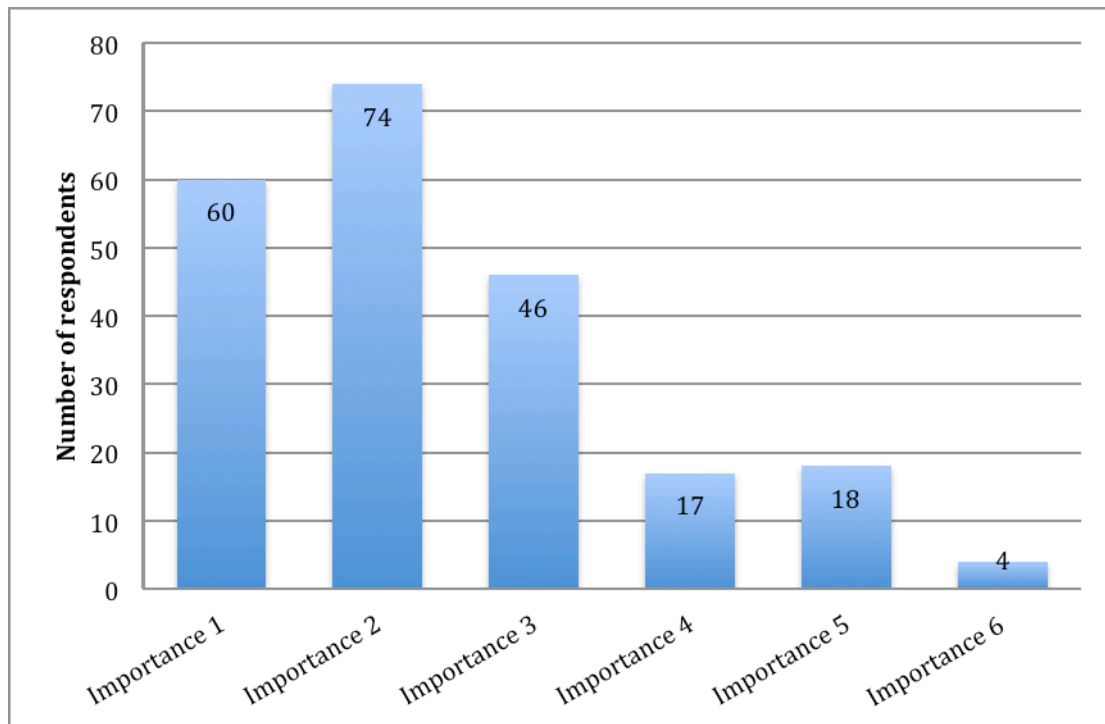


Chart 4-7 "Convenience motivator" number of respondents

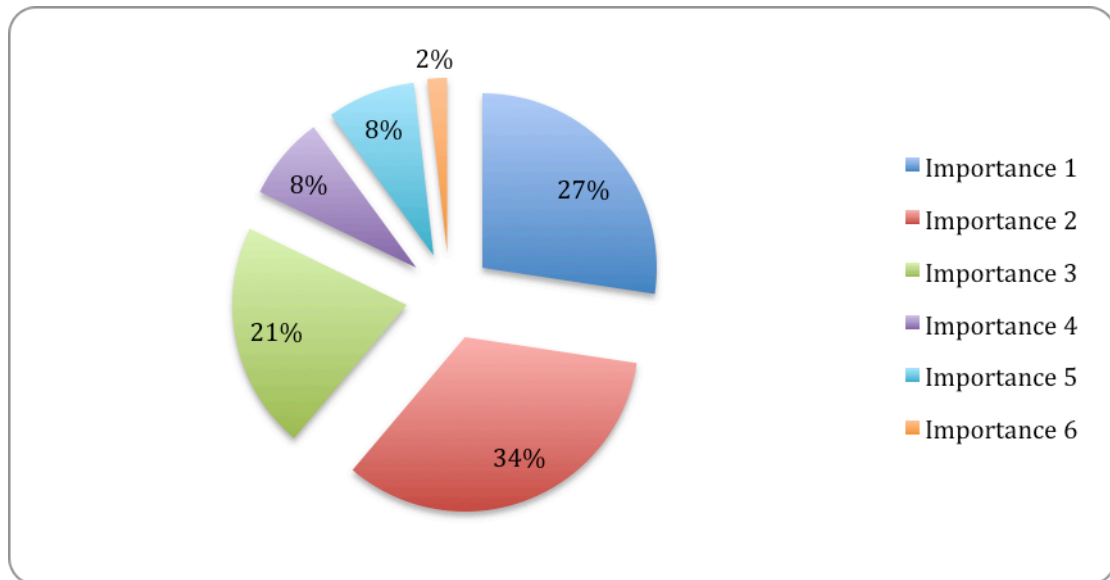


Chart 4-8 "Convenience motivator" percentage of respondents

Another question from this part dealt with the importance of availability of customer reviews. There are 84 respondents, which stated that availability of customer review is the most important factor when they purchase a product. The second most frequent level of importance was with 64 respondents second level. The rest of the responses are displayed below in figure 4-9 and 4-10. The coefficient of customer review is 1.056.

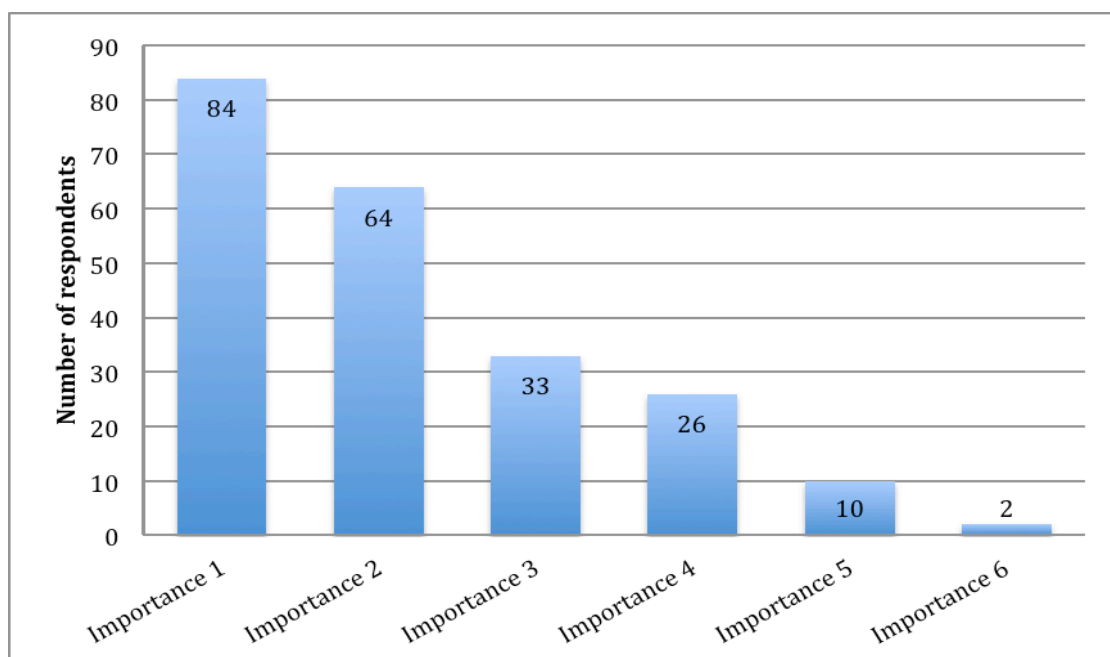


Chart 4-9 "Customer review" number of respondents

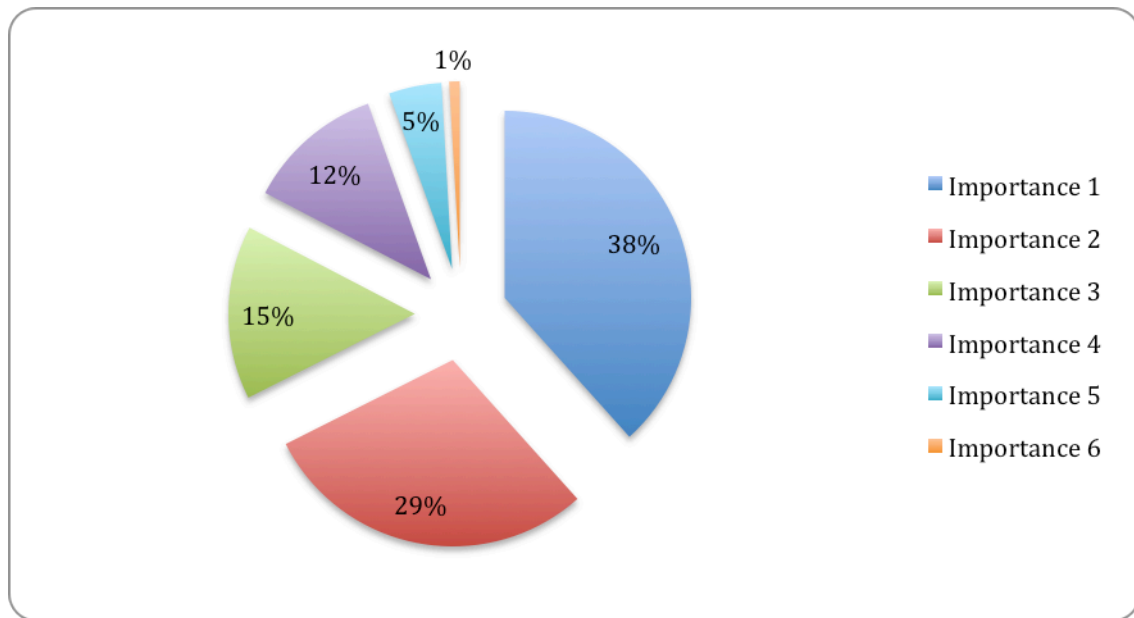


Chart 4-10 "Customer review" percentage of respondents

After "customer review" was considered factor of product information availability, which is one of the part of convenience but for the purpose of this research it was divided into two separate questions. As it is shown in the graphs 4-11 and 4-12 vast majority of people, represented by 133 respondents, see availability of the product information as the most important factor. The coefficient of product information is 1.152.

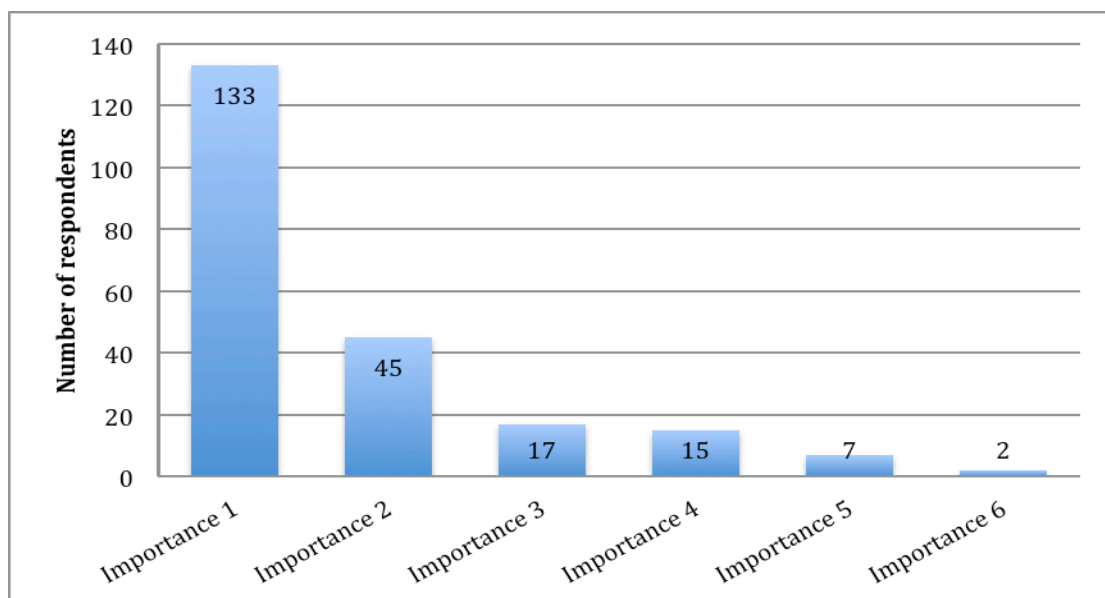


Chart 4-11 "Product information motivator" number of respondents

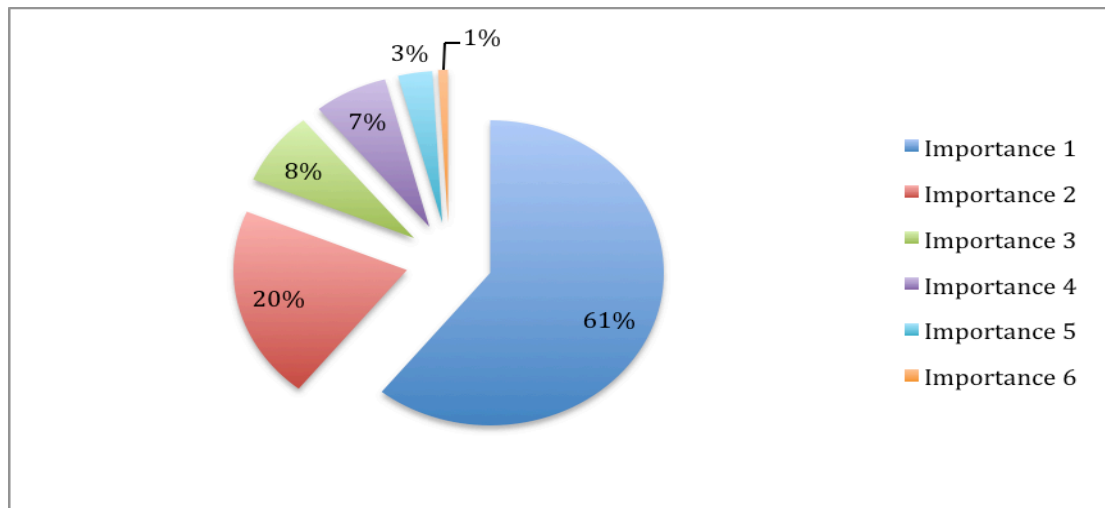


Chart 4-12 "Product information motivator" percentage of respondents

"Simplicity of shopping" was considered as the fifth motivator. This question investigated the respondents' overall importance to the simplicity of shopping. The percentage figures depicted in figure 4-14 displays that out of 219 respondents, 85 per cent chose the first three levels of importance, where 26 per cent were from the first, 34 from second and 25 from third level of importance. This result could have been derived from customers, who are familiar with online shopping and use this form of purchasing more frequently. Therefore, it is the reason why this is not so important such as other five factors. The rest of the result is shown in figure 4-13. The coefficient of the simplicity of shopping motivator is 1.018.

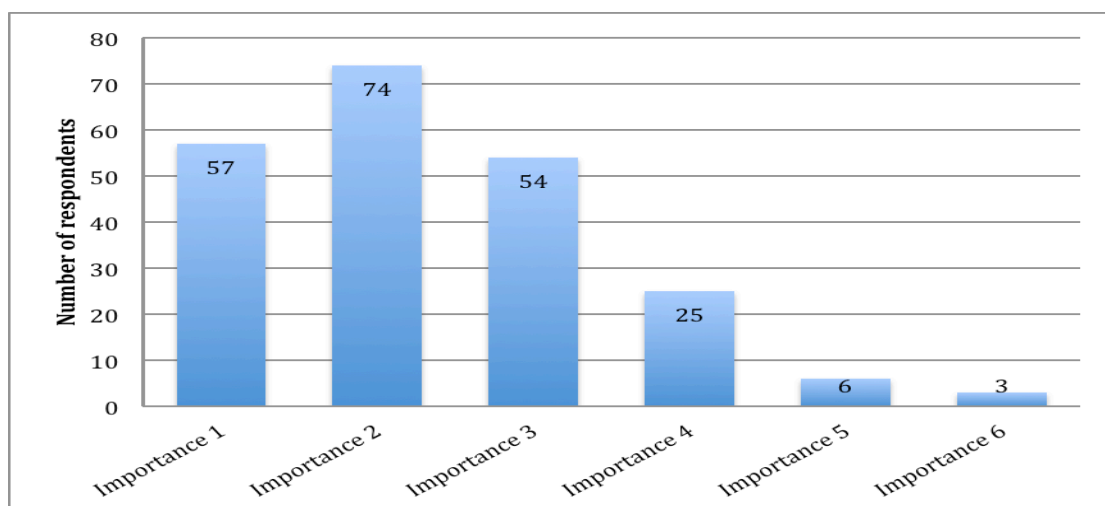


Chart 4-13 "Simplicity of shopping motivator" number of respondents

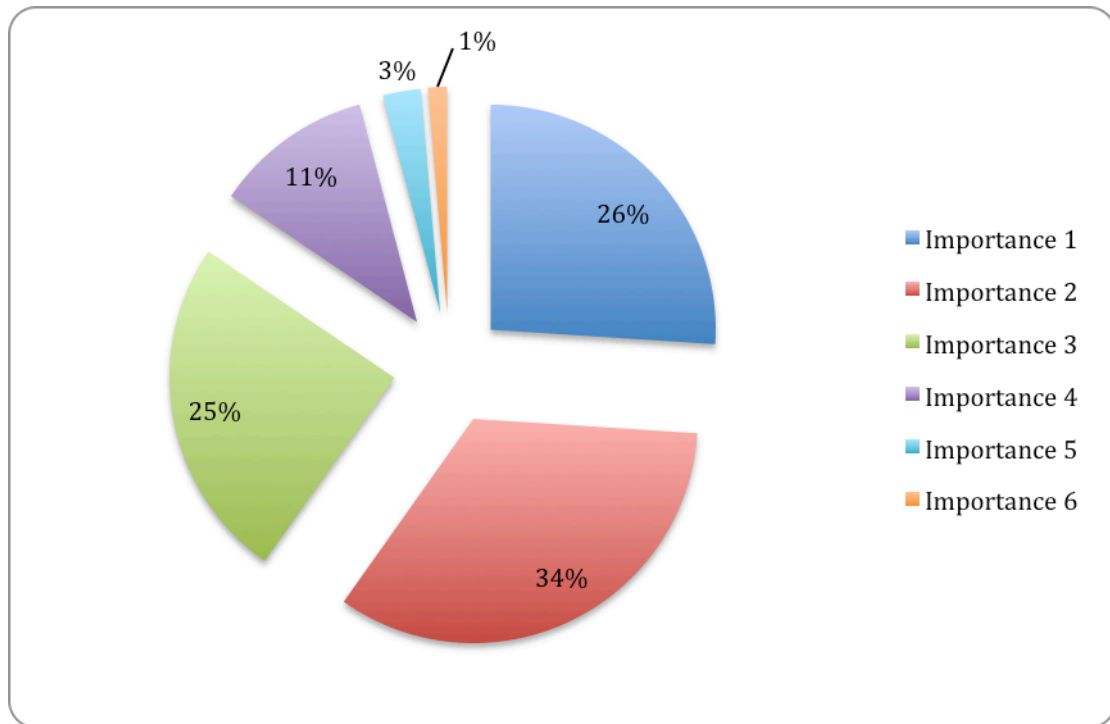


Chart 4-14 "Simplicity of shopping motivator" percentage of respondents

The last question investigated the importance of motivator factor “Product variety”. This question discovered how important is product variety when consumers decide to make purchase. In this question, it was not any significant majority of answers. There are 61 respondent at the first level of importance, 64 at the second one and 56 at third. Graphs 4-15 and 4-16 show that majority of respondents is likely to be influenced by product variety, however, it is not the most significant attribute in decision-making process. The coefficient of product variety is 1.001.

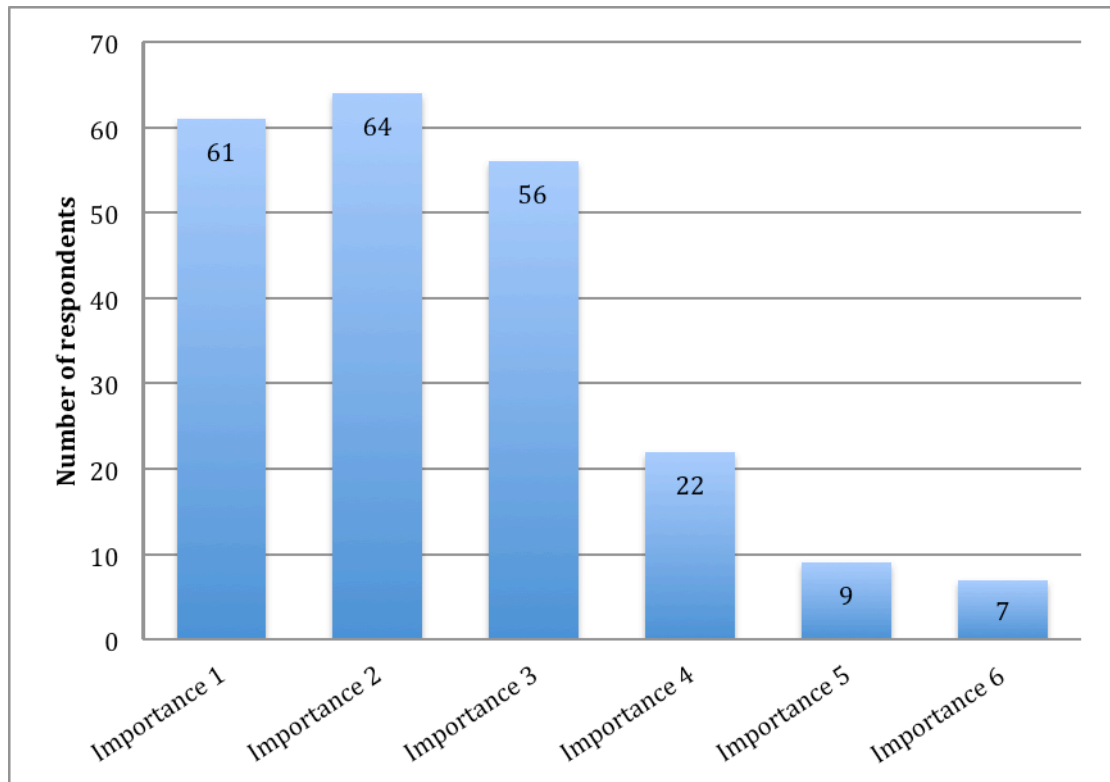


Chart 4-15 "Product variety motivator" number of respondents

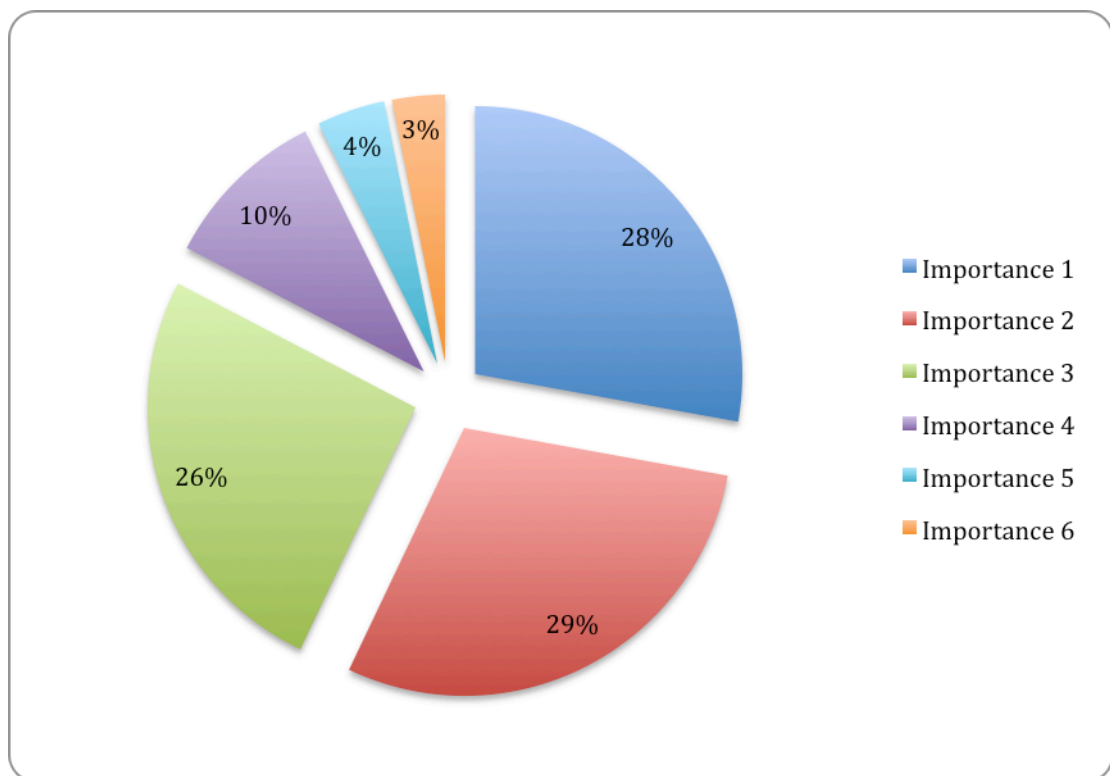


Chart 4-16 "Product variety motivator" percentage of respondents

The last two questions in this section, which distributed results for conducting the second and third objective, are important for discovering if there is any other motivational factor that could persuade customer to buy products online. The first question out of these two dealt with a possibility, if respondents have other motivational factors, which were not considered above if they answered positively they were asked to answer following question and if their answers were negative, then they were automatically redirected to the next section. The second question and last in this part asked on particular motivator factor, if there is any. In the figure 4-17 is displayed rate of respondents who answered positively and in the table 4-3 are shown the most often motivators, which were not mentioned in the questions above.

The table 4-3 shows only the most frequent and relevant answers. The rest of the responses were in fact parts of the factors discussed above. For example the respondents mentioned few times that another motivator is time saving, but time saving is part of the convenience. It is same with availability 24/7 it also belongs to convenience. Further example is cheaper product that obviously belongs to the question of the price. For this reason, was chosen only three “other motivators” which were mentioned in previous questions.

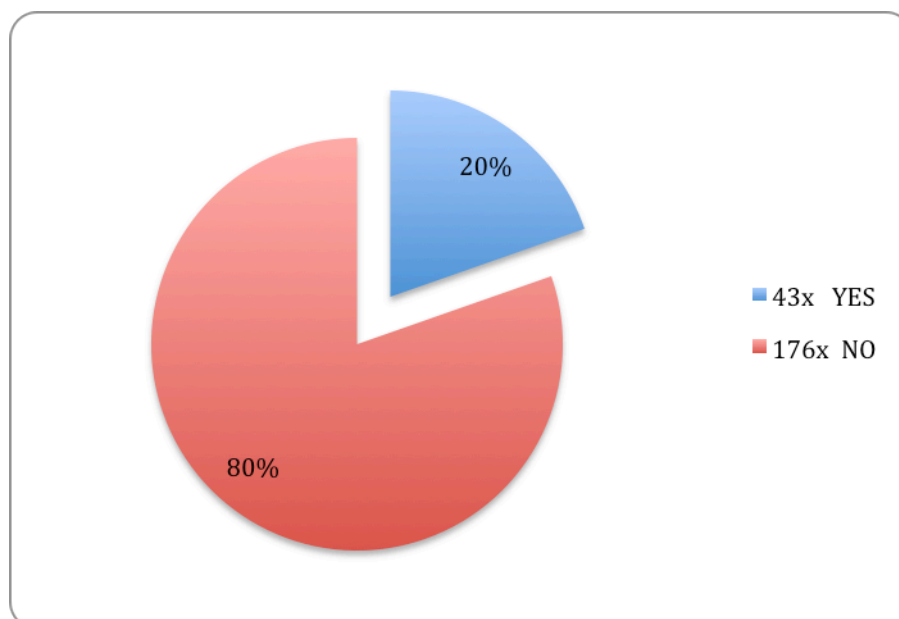


Chart 4-17 Other motivation factors

| Other factors | Number of respondents |
|--------------------------------|-----------------------|
| Anonymity of shopping | 11 |
| Design of the E-shop | 7 |
| Delivery into your home | 4 |

Table 4-2 Other motivation factors

4.3 Customers spending and trust in online purchasing

This set of question investigated the fourth objective, which was seeking to find out whether there is a relationship between customer trust in online shopping and how much they spend online. This section also deals with the second objective that ascertains what kind of goods customers spend the most often.

The first question in this part of the questionnaire was aimed at examination what kind of product customers usually buy online. There were 10 possible answers, which are shown in the table 4-4. This question was constructed as closed question where was possible to check three the best matching answers. The two most significant type of product were electronic with 27 per cent and clothes with 25 per cent. Further, 12 per cent of respondents chose books as often purchased products online. On the other hand, there were only 1 per cent of respondents, who purchased car throughout the Internet. Moreover, there was possible answer “other” for respondents who usually purchase other type of product in case that there is no matching answer for the respondents. This answer chose only 4 per cent of participants.

| Product branch | Number of answers | Percentage of answers |
|------------------------|-------------------|-----------------------|
| Electronic | 142 | 27% |
| Food | 14 | 3% |
| Health and care | 46 | 8% |
| Cars | 6 | 1% |
| Clothes | 132 | 25% |
| Books | 63 | 12% |
| Music | 26 | 5% |
| Software | 33 | 6% |
| Travel | 50 | 9% |
| Other | 22 | 4% |
| Total | 534 | 100% |

Table 4-3 Product branch

After investigation what customers buy online, there was need to justify how often they purchase products throughout online shops. This question was in form of closed question and it had four choices of purchasing rate. Chart 4-18 demonstrate that vast majority of respondents, what are 133 (61%), purchase online few times per year. People who buy online few times per month were 69. The rates of few times per week and less then one time per year were together only 8%, what is in total 17 respondents.

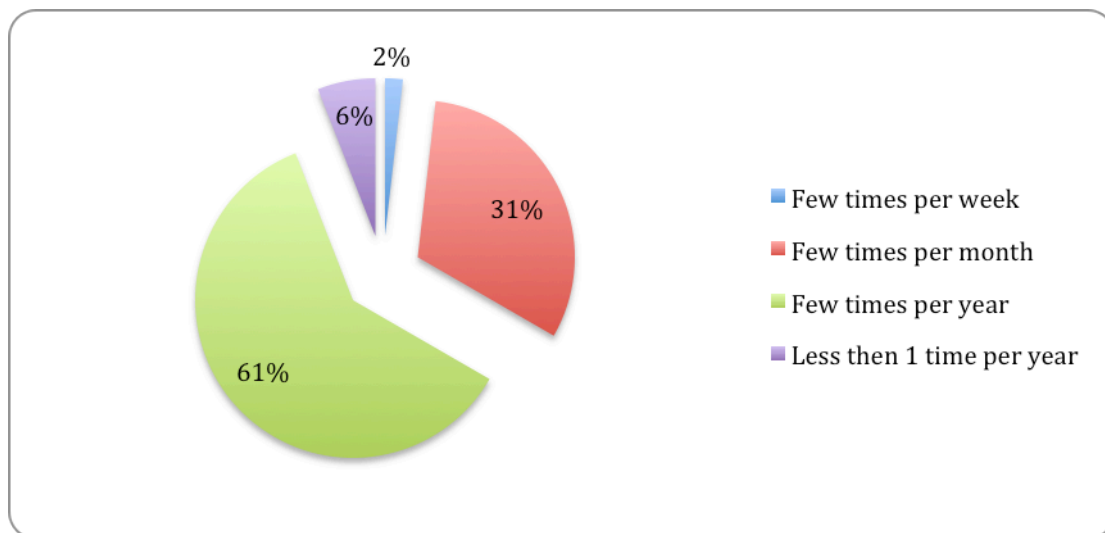


Chart 4-18 Online customers purchasing ratio

Another important question was an assumption of average spending per month. It is used to investigate what amount of money the respondent spends throughout online purchasing. Also, it is further needed for examination of the link between customer trust and their spending. According to the table 4-4 35 per cent (76 respondents) of participants claim that they spent around 1 to 20 pounds per month, 60 of them spend 20 to 35 pounds. There were 49 customers with average spending of 35-60 pounds. The second highest spending group had 10 per cent of respondents and last group who spend more than 100 had only 13 individuals.

| Spent amount per month | Number of answers | Percentage of answers |
|------------------------|-------------------|-----------------------|
| £1-20 | 76 | 35% |
| £20-35 | 60 | 27% |
| £35-60 | 49 | 22% |
| £60-100 | 21 | 10% |
| Over £100 | 13 | 6% |
| Total | 219 | 100% |

Table 4-4 Customers month spending

The graph 4-19 shows results of the next question of the questionnaire. It measures consumer trust towards online purchasing. The answer “rather yes” choice 74 per cent of participants, 6 per cent strongly trust, 17 per cent was not sure and 3 per cent slightly do not trust in online shopping. There was only one respondent who totally do not trust.

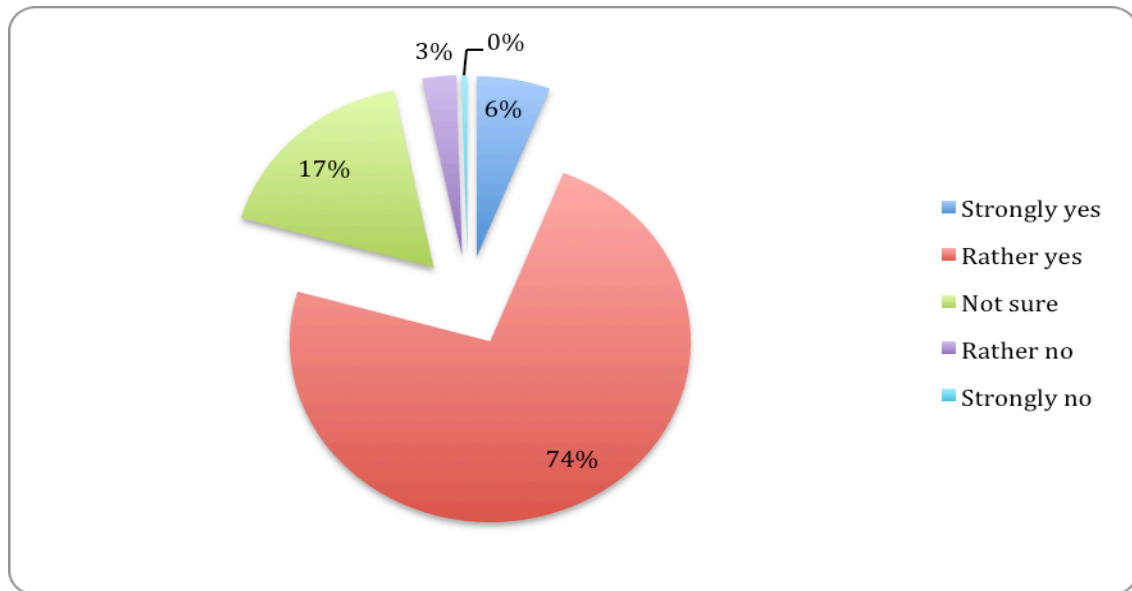


Chart 4-19 Trust in online shopping

The overall results display that consumers trust in purchasing throughout the Internet. This fact is not favorable to the next stage of the research because there is not sufficient amount of people who do not trust in this kind of purchasing. As a result, this fact shows that the correlation can have great possibility of error in the application to the wider range of online customers.

For discovering customer trust was chosen one more question, which should verify the result of the previous question. The question was constructed indirectly by asking if the respondent on basic of his experience recommend this kind of purchasing to his family or friends. The results can be seen in chart 4-20. How was expected the result of this question had similar outcome, which bring clear fact that the most of the respondent truly trust to this purchasing channel. There were 41 participants who totally trust, 150 rather trust and 11 per cent is not sure and only 1 per cent respondents slightly do not trust in online purchasing.

There was a need for conducting a correlation between customers' trust and their spending. This coefficient was calculated from the two questions, which discussed online spending and from the question that identified the customer trust in the Internet shopping. The result of the correlation was 0.27023, what is week to moderate correlation.

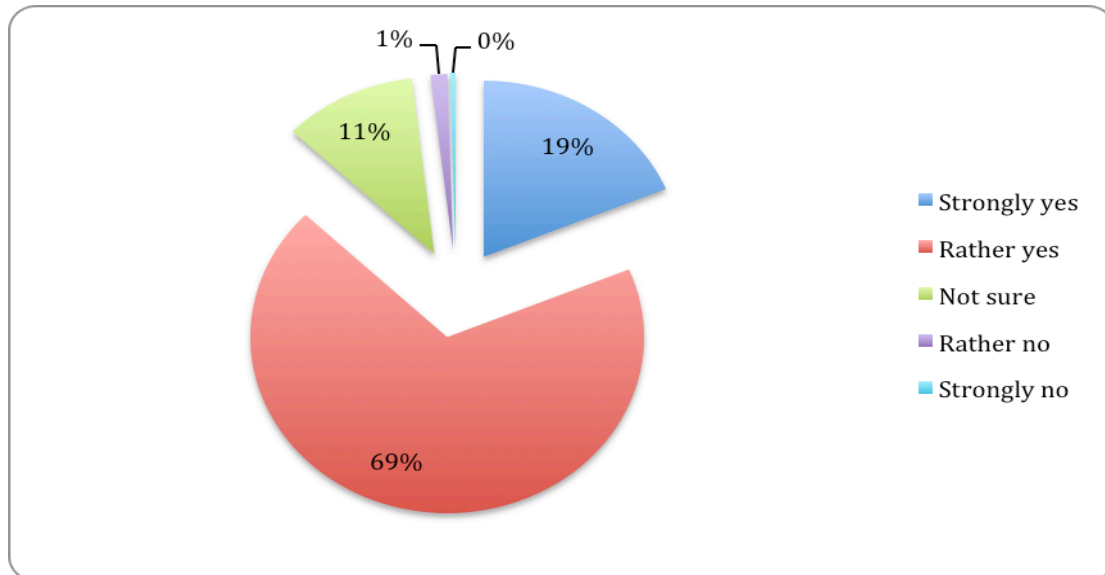


Chart 4-20 Recommendation

4.4 Reasons and Factors of abandoning purchase

The last set of questions was aimed to discover factors and reasons why people abandon their purchase. The first and last questions had similar formulation, but both of them have slight difference in meaning.

The first question discusses the reasons of discouraging from purchase when the customers visit the pages and search product, which they decided to buy. For a purpose of this work were selected 10 factors. Participants could check three possible answers, which matched the best their usual reasons of leaving the visited web sites and therefore their intended purchase. As the most discouraging factor has been proven when particular E-shop has negative references. The second most frequent answer (101) was the price of delivery. Three factors forcing to the registration, web page design and poor quality photos were the third most frequent answers. Furthermore, 56 customers seen inaccurate prices (VAT/without) and missing parts of the web as usual reasons of the abandoning purchase or shopping cart. On the other hand, there are only few respondents who are concern by long downloading time. The results are shown in the chart 4-21.

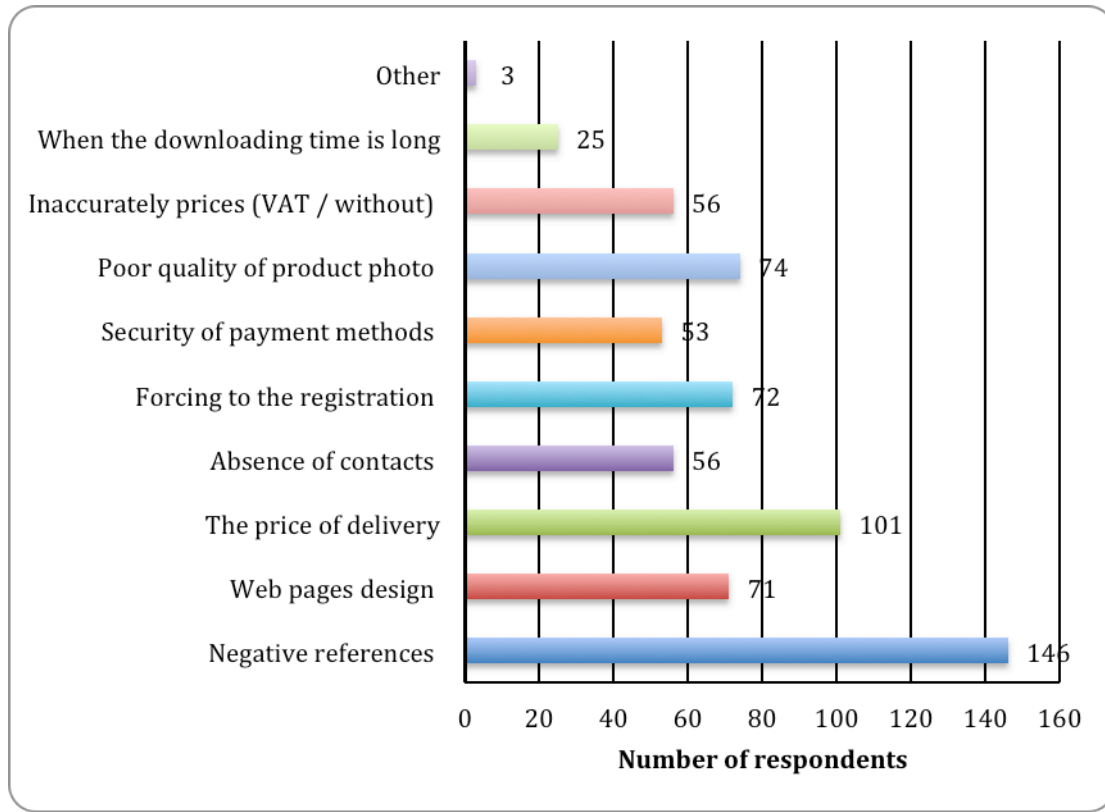


Chart 4-21 Reasons of discouraging from purchase

Next question was conducted to investigate percentage of customers, who ever abandoned their shopping cart. There was need to answer this question to discover attributes, which discourage customer from purchase even when they already made their shopping. The result brought that 82 per cent (179) of respondents have ever left their purchase. Surprisingly, there were 18 per cent of respondents (40) who finish purchase every time when they intend to buy product. The results are displayed below in the chart 4-22.

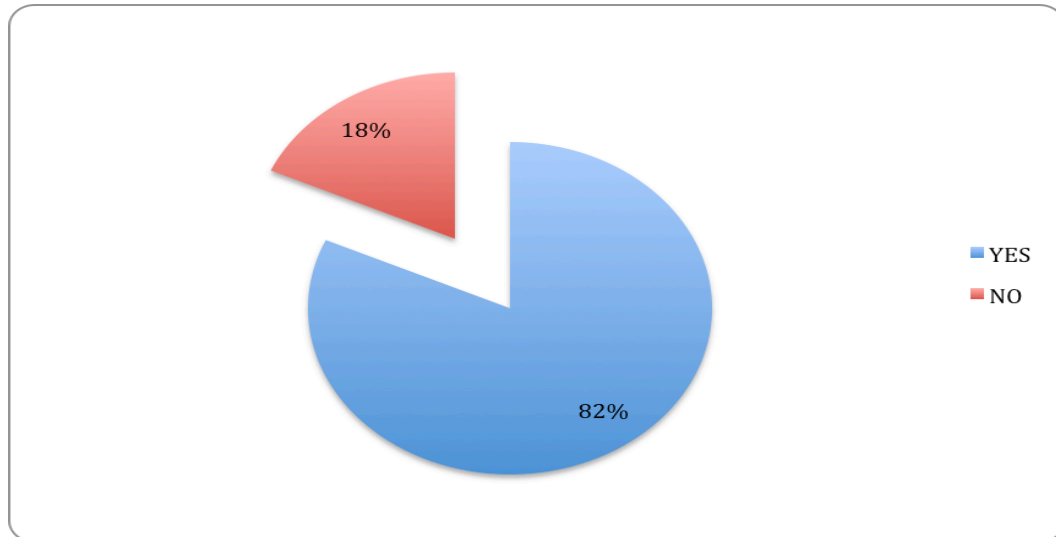


Chart 4-22 Percentage of respondents who ever abandoned shopping cart

The last question in this section and in entire questionnaire was to write the reasons that lead respondents to leave their purchasing process. The respondent could choose two the best match answers. There were 11 possible answers where the most frequent response was with 75 respondents high price of transport. As the second highest number was “I was not convinced that buying is convenient for me” which reach 71 responses. There were also 60 respondents who abandoned their purchase because the sites forced them to the registration. Another 50 respondents considered as disincentive when they have to fill too much personal data. The rest of the results are shown in the Table 4-5.

| Reasons of abandoning shopping cart | Number of respondents | Percentage of respondents |
|--|-----------------------|---------------------------|
| Too difficult to complete the purchase | 32 | 8% |
| Too much information on the screen | 18 | 4% |
| I was not convinced that buying is convenient for me | 71 | 17% |
| High price for transport | 75 | 18% |
| I was not sure if the sites are secure | 29 | 7% |
| Delivery time was not shown | 31 | 8% |
| The need for registration | 60 | 15% |
| I had to add too much personal data to the form | 50 | 12% |
| Confused control of cart | 21 | 5% |
| There were too many adverts on the screen which further discouraged me from a purchase | 20 | 5% |
| Other | 3 | 1% |
| Total | 410 | 100% |

Table 4-5 Reasons of abandoning shopping cart

5 Discussion and Recommendations

One of the important steps is to analyze collected data and discuss the findings. In this section of research are examined and discussed these primary data which were gathered by questionnaire and has been described in the previous part. Furthermore, the discussion is divided to the five segments created according to the objectives of the research.

5.1 Objective 1: To determine who purchasing on the Internet

This objective was constructed to determine which age group and gender use this kind of shopping the most often. To this research contributed 223 people by their answering on the questionnaire but from this amount of people was possible to use only 219 respondents, because they answered positively on the conditioning question, which asked if they ever used online purchasing. The investigation found that in online shopping participates approximately the same number of women as men. Another finding is that the most frequent online buyers are people in age group of 20 to 25 years. This is result, which was expected accordingly to ILC-UK (2011) where was claimed that young age people are the most likely to operate on the Internet, because of their knowledge and access to this technology. This findings display that Internet users are likely to be in this young age category. It could be result of fact that this technology has been exploded and widely expanded only recently. Consequently, this age group of online customers is the most targeted audience on the Internet as reported by Smith and Rupp (2003).

From the results of the research flows that e-commerce based companies are focused on the younger audience, because they are the biggest crowd on the World Wide Web. Further, the results showed that the older and less experienced customers are neglected. This fact gives another place for further study in adapting e-commerce websites for older and less experienced internet user, who needs more handy control and the purchasing process itself.

5.2 Objective 2: To ascertain what kind of product customers purchase

As Zgodka (2011) stands the most of customers start looks for desired product by search engines, such as Google. The purpose of this objective and its related research was to establish which kinds of products are purchased the most often. For the purpose of this work were chosen 9 major categories, which are food, clothes, electronics, health and care, books, music, software, travels and cars.

The investigation reveal that the most purchased kind of products is electronic, how was shown in the previous section by table 4-3. As, the second mostly purchased kind of goods was clothes, even though there are many complains about purchasing clothes online from the reason of no possibility to try the desired product before purchasing. Although, the Internet is the most obvious channel for purchasing software and music, there was not large amount of respondent, who purchase this kind of product very often. Cars purchases were represented only by 1 per cent of the respondents. This could be result of the demography of the research participants and it leaves place for further studies.

The finding of that electronic is the most favorite kind of products confirm the statement of the Monsuwé *et al.* (2004), who claim that young age people usually have significantly higher interest in using new technologies. It is also confirm by the fact that vast majority of the respondents were people in age of 20 to 25 years.

5.3 Objective 3: To determine and evaluate the main customers motivation factors to purchase products online.

On the basis of the theory from the chapter 2.2, which describe customer behaviour, were determined six main motivation factors that influence the purchasing process of customers and its own realization of the purchase online. These motivation factors were applied to the research questionnaire to evaluate the importance of each motivator.

As, the first motivator was determined the price, which is one of the main attributes of customer decision-making. (Weinschenk, 2009) According to Karayanni (2003) the second motivator factor, which customers see as important, is convenience. Convenience includes other sub factors, such as a get on time delivery, availability 24/7 and detail information available while shopping online. The product information availability was used as separated factor, because literature claims that seeking for information is second stage of purchasing process (section 2.2.3) and participates are the most likely to understand this attribute by its own. Another motivator was chosen the product variety that is one of the major advantages of the Internet purchasing.

Customer review is very close to the availability of product information attribute, but this factor is linked with both purchasing and post-purchasing process. The attribute of customer review give additional information about how was satisfied previous consumers with the purchased goods. Moreover, this study deals with the ecommerce part of online shopping, for that reason was decided to implement to this part one of the motivator factors, which have connection with User experience.

The results of the research displays that the most important factor out of these six is availability of product information, which gain the highest coefficient of importance. This result also confirm that the information availability is the most significant attraction for customers. Nevertheless, the importance coefficient of the price and customers review had only slightly lower results. Moreover, the study shown that each determined motivators are highly important for vast majority of customers. Furthermore, there were found other factors, however the results displays that these factors are not very important or even negligible.

5.4 Objective 4: To find out whether there is relationship between customers trust in online purchasing and amount of their spending

One of the aims of this paper was to find if there is a link between customer trust and spending. For this purpose was used simple correlation. Correlation result confirms that there is link between these two variables. This correlation reflected weak to moderate link between the spending and trust. Further, it was understood that this correlation coefficient is positive what means that when trust increase then also grows the amount of spending.

By fact of not sufficient amount of people there arouses possibility of causality. There is not certain if spending is depended on trust or trust on spending. The logic point to that spending is the depended variable, but it is not statistically proven.

The correlation was conducted on the sample of 219 respondents what is considered as small data sample and it is reason why it cannot be applied on wide population of the Internet users. Consequently, there is left place for further research, which would require greater number of respondents.

5.5 Objective 5: To discover the main reasons why customers abandoning their purchase

One of the research objectives was constructed to discovering the reasons that lead people to abandoning their purchase. These reasons were defined and outlined by the theoretical basics mostly from the second part of the literature review, which deals with e-commerce. There were discovered 20 factors which could discourage customers from their shopping. These factors were divided into two sections, in order to where the customer is located in purchasing process. The first section is formed for customers who are browsing on particular E-shop or seeking information about it and then leave. The second section is created on the base of situation when customer already made his purchasing but then suddenly abandoning his shopping cart.

The research results of the first situation are shown in the chart 4-21. The bad references and price of delivery were used and modified from the third objective, which deals with motivators. Moreover, these two attributes were discovered as the most influencing reasons. Theory pointed that customers are most likely to be influenced by other customers opinions, which was proven by the survey where 146 responses claims that bad references are the most often reason of the abandoning their purchase. Another important reasons of leaving the web sites were poor web page design and its linked reason of poor quality of photos, which appeared as the second most often answers. With the same amount of respondents was found the answer of “forcing people to registration”, which was defined from usability and from a design of the webpage. It shows that people are demanding for quality web. This displays that people do not want to waste their time and money, as confirms Kimberly Palmer (2007).

The findings of the second situation seem to confirm that price is the leading key factor on the Internet. Also, there were need to enable answer for people who abandoned their shopping because “their need was not so necessary” and it demonstrate that it is the most common reason in this station of the purchasing process. Further, this part display that design, usability or inappropriate usage of the

adverts are greatly discouraging factors. The major resistor of on-line shopping is according to *BreakingNews survey* (2001) the security perception, which is related to payment but this statement was not proven by this research.

The results show that customers are very sensible about all aspects of web page sites and it is very easy to discourage them from purchasing. Another finding arise from fact that online customers can easily picked other E-shop, what was declare by 82 per cent of the survey respondents as a great advantage against stone based shops. This fact indicates that it is extremely hard to retain online customers loyal.

6 Conclusion

Every day are attracted more and more customers by online purchasing with increasing number of users of World Wide Web. Understanding customer's motivations and reasons for purchasing online is in this times inevitable part of e-commerce based businesses, but as well there is need to know what can discourage them from intended purchase. Moreover, the recognition of these motives gives to e-shops place for making improvements, on the factors that influence and affect consumers to purchase online and by that gain for themselves competitive advantage. Therefore, this study has focused on five objectives: 1. To determine purchasing on the Internet in terms of demography to see which audience should be targeted. 2. To ascertain what kind of products customers purchase. These findings provided clear and wide picture of the most purchasing products on the World Wide Web. It could show to the Internet retailers which kind of product is comprehensive to lunch throughout web. 3. To determine and evaluate the main customers' motivation factors to purchase products online. These discoveries could be used for identification of gaps in web design, specialization and policy. 4. To find out relationship between customers trust in online purchasing and amount of their spending. 5. To discover the main reasons why customers abandoning their purchase, this study should help to discover gaps in policy and web design by investigating these discouraging factors.

The main findings, which flows from the research are: that young age people are most likely to be targeted audience on the Internet, further details are possible to find in chapter 4.1 and 5.1. The most purchased kinds of goods are electronic and clothes, which could be seen as fact of that customers can gain much more specific information about the products and purchase it cheaper with comparison with classic outlets shopping. This finding is examined and discussed in chapter 4.3 and 5.2. Another outcome of this study is that customers consider product information as slightly more important motivator then price, what show results in chapter 4.2. Moreover, the chapter 5.4 was discovered that the usual reasons for abandoning customers' purchase are negative references, price and forcing to the registration.

After summarizing the study, which is based on 219 respondents out of total 223 sample size, it have been found that feedback from previous customers, quality of web page and information are considered to be important factors and can have result in abandoning of purchase. This finding can be found on the page 72 and 73.

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Appendix A Questionnaire:

1. Gender

- ☐ Male
- ☐ Female

2. In which age category do you find yourself ?

- ☐ 16 - 19
- ☐ 20-25
- ☐ 26-35
- ☐ 36-50
- ☐ 51-65
- ☐ over 65

3. Have you ever purchased on the Internet?

- ☐ Yes
- ☐ No

4. Online retailers usually offer lower prices of the products. Would the lower price persuade you to purchase online?

1 2 3 4 5 6

Definetely yes ☐ ☐ ☐ ☐ ☐ ☐ Definetely no

5. How important is the motivator "Convenience" for you to purchase on the Internet?

1 2 3 4 5 6

High importance ☐ ☐ ☐ ☐ ☐ ☐ Low importance

6. How important do you find the availability of "customer review" on the product when you want to purchase online?

1 2 3 4 5 6

High importance ☐ ☐ ☐ ☐ ☐ ☐ Low importance

7. How important is the availability of "product information" for you when ordering on the Internet?

1 2 3 4 5 6

High importance ☐ ☐ ☐ ☐ ☐ ☐ Low importance

8. How important is the motivator "Simplicity of shopping" for you to purchase on the Internet?

1 2 3 4 5 6

High importance ☐ ☐ ☐ ☐ ☐ ☐ Low importance

9. How important is the motivator "Product variety" for you to purchase on the Internet?

1 2 3 4 5 6

High importance ☐ ☐ ☐ ☐ ☐ ☐ Low importance

10. Is there any other motivational factor, which lead to shopping online?

- ☐ Yes
- ☐ No

11. If yes write the motivation factor below:

12. What kind of product do you usually buy on the Internet? Check max 3 answer

- ☐ Electronic
- ☐ Food
- ☐ Health and care
- ☐ Cars
- ☐ Clothes
- ☐ Books
- ☐ Music
- ☐ Software
- ☐ Travel
- ☐ Other:

13. How often do you purchase online?

- ☐ Few times per week
- ☐ Few times per month
- ☐ Few times per year
- ☐ Less then 1 time per year

14. How much do you usually spend on the Internet shopping per month?

- ☐ £1-20
- ☐ £20-35
- ☐ £35-60
- ☐ £60-100

- ☐ Over £100

15. How would you best estimate your trust in online shops?

- ☐ Strongly yes
- ☐ Rather yes
- ☐ Not sure
- ☐ Rather no
- ☐ Strongly no

16. On the basis of your experience with online purchasing, would you recommend this kind of purchasing to your family or friends?

- ☐ Strongly yes
- ☐ Rather yes
- ☐ Not sure
- ☐ Rather no
- ☐ Strongly no

17. What factor(s) would most discourage you from online purchasing? Check max 2 answers

- ☐ Negative references
- ☐ Web pages design
- ☐ The price of delivery
- ☐ Absence of contacts
- ☐ Forcing to the registration
- ☐ Security of payment methods
- ☐ Poor quality of product photo
- ☐ Inaccurately prices (VAT / without)
- ☐ When the downloading time is long
- ☐ Other:

18. Have you ever abandoned your purchase?

- ☐ Yes
- ☐ No

19. If yes, please write reason:

- ☐ Too difficult to complete the purchase
- ☐ Too much information on the screen
- ☐ I was not convinced that buying is convenient for me
- ☐ High price for transport
- ☐ I was not sure if the sites are secure
- ☐ Delivery time was not shown
- ☐ The need for registration
- ☐ I had to add too much personal data to the form
- ☐ Confused control of cart
- ☐ There was too many adverts on the screen which further discouraged me from purchase
- ☐ Other: